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KEY TO ADVANCED ACCOUNTS

BY
R A GOODMAN.

FIFTH EDITION



LONDON
SIR ISAAC PITMAN &

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THE PAPER AND BINDING OF
 THIS BOOK CONFORM TO THE
 AUTHORIZED ECONOMY STANDARDS

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PREFACE

THIS Key has been prepared for the purpose of giving assistance to teachers and students in the correction of work. All practical exercises have been *adequately* worked.

Economy has been effected by the omission of folios and minor Ledger accounts. Narrations for Journal entries have been made only where such have been asked of the examinee.

In a few cases questions have been passed over by a reference to the textbook as it has been thought unnecessary to duplicate information contained in *Advanced Accounts*.

Every care has been taken to ensure that adequate and accurate working which may reasonably be expected in a book of this kind if it is to save the teacher and the student disappointment.

The present (fifth) edition is based on the completely revised and re-set edition of *Advanced Accounts* first issued in 1942.



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KEY TO ADVANCED ACCOUNTS

EXERCISE I—No 1.

JOURNAL ENTRIES

			£	s	d	£	s	d
19	(a) Jan 15	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of 3 carpets valued £4 each for 2 office desks worth £12	12	-	-	12	-	-
19	(b) Jan 17	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of office table valued £20 for typewriter worth £25	25	-	-	20	-	-
"	17	Office Furniture and Fittings etc.—old To Gain on Sale/for Exchange of Furniture etc For adjustment of value for which old furniture was exchanged	5	-	-	5	-	-
			£42	-	-	£42	-	-

EXERCISE I—No 2

PURCHASES BOOK

19			£	s	d	£	s	d
Jan 1	A Brown— 20 Bags of Coffee Less 10% trade discount	81 8		2	—	72	18	—
" 5	R Smith & Co— 12 cases of Sugar Less 12½% trade discount	48 6	16 2	—	42	14	—	
" 9	T Titus— 6 chests of Tea Less 20% trade discount	45 9	15 3	5 1	36	12	4	
" 15	O Omicron & Son— 20 bags of Coffee Less 7½% trade discount	80 6	16 1	8 3	74	15	5	
" 23	P Peters Ltd— 20 cases of Sugar Less 5% trade discount	61 3	— 1	— —	57	19	—	
" 27	L Lucas— 12 bags of Cocoa Less 25% trade discount	38 9	6 11	0 6	28	14	6	
					£ 313	13	3	

EXERCISE I—No. 3.

JOURNAL ENTRIES
(P SMITH'S BOOKS)

(1)

19..			£	s	d	£	s	d
Feb 1	J Swift	.	580	-	-	580	-	-
	To Sales	.						
" "	Bills Receivable	.	450	-	-	450	-	-
	To J Swift	.						
	For bills of exchange of £250							
	and £200 for periods of two							
	and four months respectively							
" "	J Swift	.	8	16	8			
	To Commission	.				4	10	-
	1% of £450							
	To Discount	.				1	13	4
	4% of £250 for two months							
	To Discount	.				2	13	4
	4% of £200 for four months							
" "	Cash	.	139	16	8			
	To J Swift	.				139	16	8
	£130 as agreed and £8 16s 8d							
	(the amount of the commis-							
	sion and discounts)							
			£1 177	13	4	£1 177	13	4

LEDGER

JOHN SWIFT

Dr (1)

(1) Cr

19		£	s	d	19		£	s	d
Feb 1	To Sales	580	-	-	Feb 1	By Bills Receivable	450		
" "	Commission	4	10	-	" "	Cash	138	16	8
" "	Discount	4	6	8					
		£588	16	8			£588	16	8

EXERCISE I—No 4

RECONCILIATION STATEMENT

	£	s	d	£	s	d
Bank Balance as per Pass Book				205	15	5
Add cheques paid in NOT credited—						
Plumer	98		2			
Methuen	208	16	4			
Cronje	84	14	9			
				391	11	3
Deduct cheques paid away NOT yet presented—				597	6	8
Chernside	41		10			
Hunter	101	4	8			
				142	5	6
Bank Balance as per Cash Book 31st Dec				£455	1	2

EXERCISE I—No 5

BANK RECONCILIATION STATEMENT

	£	s	d
Balance shown in Bank Sheet	1 123	4	7
Add cheques paid in NOT credited	72		8
	1 195	5	3
Less cheques unpresented	240	6	2
Balance as Cash Book (a)	954	19	1
Add Amounts not posted to Cash Book	20	14	4
Balance as Cash Book (b)	975	13	5
Less amounts not posted to Cash Book	2	6	8
	£973	6	9

(a) After adjustment of omitted items.

(b) The Cash Book balance should have been £973 6s 9d and not £968 3s 2d as stated in the question.

There is thus a difference of £5 3s 7d which should be located by a check of the entries in the bank columns of the Cash Book with the entries on the Bank Sheets.

Note. The question does not seem to be perfectly clear as regards the term of Bank Interest. It is intended to be a charge and not an allowance the date since will be £9 16s 11d.

PETTY CASH BOOK OF W MEARS

Cash Received		Date	Particulars	Cash Paid		Trade Expenses		Office Expenses		Postage		Travelling Expenses			
£	s	d		£	s	d	£	s	d	£	s	d	£	s	d
100			To Bank	94	8	10									
	4	10	By Sundry Payments (as)				50	2	1						
			To Bank	100											
			By Balance c/d												
£184	4	10		134	8	10									
100			To Balance b/d	76	9	8									
			By Sundry Payments												
76	9	8	To Bank	100											
			By Balance c/d												
£176	9	8		170	9	8									
100			To Balance b/d	89		11									
			By Sundry Payments				54	4	7						
9	4	11	To Bank	100											
			By Balance c/d												
£189	4	11		109		11									
100			To Balance b/d	40	4	2									
			By Sundry Payments												
0	4	2	To Bank	100											
			By Balance b/d												
£190	4	2		190	4	2									
100			To Balance b/d												

a In practice, each item would be enumerated as under—
 By Trade Expenses—
 Office
 Postage
 Travelling

* In practice, each item would be enumerated as under—

By Trade Expenses—
Office
Postages
Travelling

EXERCISE I—No 7

See *Advanced Accounts* page 6 (under Present day Use of Journal)

Books in daily use in the Counting house of a City Warehouseman are as enumerated below—

(1) Ledger (2) Cash Book (3) Purchases Book (4) Sales Book (5) Returns Books (a) In, (b) Out] (6) Bills Books [(a) Receivable (b) Payable]

EXERCISE I—No 8

SALES BOOK

		£	s	d
19 July 1	A Bunn— 1 bale Stuff Goods (20 pieces each 2½ yds @ 9d a yard)	18	15	

Terms 1 month 6% prompt Cash

CASH BOOK
(DEBIT SIDE)

		Discount			Cash		
		£	s	d	£	s	d
19 Aug 1	To A Bunn	1	2	6	17	12	6

EXERCISE I—No 9

See *Advanced Accounts* Chapter IX

EXERCISE I—No 10

JOURNAL OF JOHN FARMER WOOD MERCHANT

		£	s	d	£	s	d
(a)	Commission Account <i>Dr</i> To Mr Low 2½% of £9 342 6s 6d	233	11	2	233	11	2
(b)	Solicitor's Charges <i>Dr</i> Cash To H Smith Settlement of H Smith Account	9 78	4 6	6 2	87	10	8
(c)	Sundry Assets Account <i>Dr</i> To D Harris Second hand car purchased from D Harris (debtor)	40			40		

EXERCISE I—No. 11.

A reference to *Advanced Accounts*, pages 3 to 5, will give the necessary information on the question.

EXERCISE I—No. 12.

The books generally used in a Merchant's Office are as follows—

- | | |
|---------------------------|-------------------------------|
| (1) Journal | (6) Bank Cash Book |
| (2) Purchases Book | (7) Petty Cash Book (Imprest) |
| (3) Sales Book | (8) Bills Receivable Book |
| (4) Returns Inwards Book | (9) Bills Payable Book |
| (5) Returns Outwards Book | (10) Ledger |

The Cash Book ruling recommended is as example in Chapter IX of *Advanced Accounts*

EXERCISE I—No. 13

JOURNAL ENTRIES

		£	s	d	£	s	d
19 July 5	J Smith To Bills Payable For acceptance at 3 mos dated 1st July	147	10	—	147	10	—
" 5	Bills Receivable To Wm Dart For acceptance at 2 mos dated 2nd July	126	4	—	126	4	—
		£273	14	—	£273	14	—

PURCHASES BOOK

		£	s	d
19 July 7	Wallace & Co— 20 bales Fancy @ £25 a bale	500	—	—

SALES BOOK

		£	s	d
19.. July 2	P Jones— 12 pieces Tapestry (240 yds @ 1/9)	21	—	—
" 10	F Humble— 20 pieces Fancy @ £35 a piece	700	—	—
		£721		

EXERCISE I—No 13 (contd)

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	500	—	—			
J. Smith	147	10	—			
Bill's Receivable	126	4	—			
W. Smith	56	14	—			
F. Humble	700	—	—			
Salaries	12	10	6			
Bills Payable				147	10	—
J. Brown				89	10	—
Sales				1,007	1	—
Discount				12	13	6
Wm. Dart				128	4	—
Bank Overdraft				160	—	—
	£1 542	18	6	£1 542	18	6

EXERCISE I—No 14

JOURNAL ENTRIES

19		£	s	d	£	s	d.
Jan-Dec	Purchases Account	12 310	—	—	12 310	—	—
	To Sundry Creditors . . .						
	Sundry Debtors	15 627	—	—	15 627	—	—
	To Sales Account						
	Returns Inwards Account	248	—	—	248	—	—
	To Sundry Debtors						
	Sundry Creditors	340	—	—	340	—	—
	To Returns Outwards Account						
		£ 28 525	—	—	£ 28 525	—	—

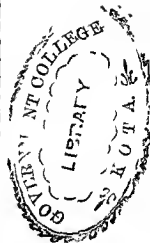
EXERCISE I—No 14 (contd.)

Dr

CASH BOOK

Cr

	19 Jan Dec		£	s	d		£	s	d
To Balance						By Sundry Creditors	10 600		
„ Sundry Debtors						Jas. Thompson	2 500		
„ Deposit Account						A. Clark	500		
„ Interest						Interest	225		
						Wages	750		
						Salaries	4 40		
						Freight	255		
						Repairs	90		
						Balance c/d	695		
			£ 16 075				£ 16 075		



EXERCISE I—No 14 (contd).

OPENING ENTRIES

19.		£	s	d	£	s	d
Jan 1	Bank	225	—	—			
	Stock	6 000	—	—			
	Warehouse	1 500	—	—			
	Deposit Account	2 500	—	—			
	To Jas Thompson				4 000	—	—
	" Capital Account				6 225	—	—
		£ 10 225	—	—	10 225	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Purchases	12 310	—	—			
Debtors	899	—	—			
Returns Inwards	248	—	—			
Discount	230	—	—			
Interest	125	—	—			
Deposit Account	1 000	—	—			
Stock	6 000	—	—			
Bank	695	—	—			
Warehouse	1 500	—	—			
Trade Expenses	1 523	—	—			
A. Clark	500	—	—			
Sales				15 627	—	—
Creditors				1 370	—	—
Returns Outwards				340	—	—
Jas Thompson				1 500	—	—
Capital				6 225	—	—
	£ 25 062	—	—	25 062	—	—

EXERCISE VIII—No. 12

Dr.

L. LOCKE IN ACCOUNT CURRENT WITH K. KAY

Cr.

Date.	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts.
Jan 1	To Balance	Jan 1	£ 125	3	375	Feb 10	By Cash	Feb 10	£ 70	49	£ 3,430
Feb 12	" Goods	Feb 12	62	5	310	Mar 18	" B/E	Mar 18	65	13	845
Mar. 31	" Balance of Interest ($\frac{9,610 \times 10}{74,000}$)	Mar 5	1	6	6	Mar 31	" Expenses	Mar 31	15	3	418
						"	" Postages	"	1	6	
						"	" Commission	"	12	6	
						"	" Balance of Products	"	5	10	9,610
						"	" Balance c/d				
			£ 189	12	1				35	10	
									£ 189	12	1
											£ 14,301

EXERCISE VIII—No. 13

Dr.

N. NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O. OLDHAM, BOMBAY

Cr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	1,317	14	8	Jan 1	By Balance	Jan 1	£ 53	1	£ 53
May 24	" Net Proceeds of A/S of Cotton	June 15	806	2	8	Jan 22	" Cash	Jan 22	27	10	1,010
						Mar 5	" Acceptance	Mar 5	250	4	15,900
						Feb 12	" Cash	Feb 12	108	6	4,601
						Mar 31	" Acceptance	Mar 31	250	—	22,800
						May 3	" Cash	May 3	250	90	30,780
						Apr 11	" Cash	Apr 11	152	123	15,352
						May 13	" Cash	May 13	236	10	9,521
						June 30	" Bal. of Principal (A) and Interest (B)	June 30	5	11	35,517
						"	" Balance c/d	"	188	13	£ 3,311
June 30	To Balance b/d		£ 2,223	17	4				£ 2,223	17	4
			188	13	11						£ 220,328

(A) Balance of Principal = £ 223 less £ 626 = £ 197

(B) Balance of Interest = (£ 314/11) arrived at as follows

$$\left(\frac{0.5,931 \times 10}{75,000} \right)$$

To reduce to figure in Products column, Multiply £ 197 by 181, which = 35,637

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			Days	JUNE 5		SEPTEMBER 18		AUGUST 28	
						Products		Products		Products	
19 June 5	Goods	£	s	d		£		£		£	
July 12		726	16	2				76 335		59 614	
		979	17	8	37	26 760	68	66 640	43	44 100	
Aug 26	"	1 127	3	11	82	92 414	23	25 921	—	103 714	
Sept 18		359	8	6	105	37 695			23	6 257	
		£3 193	6	3		£166 369		£168 898		£95 457	

June 5th + 52 days gives 27th July

Sept 18th - 23 days gives 27th July

Aug. 26th - 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£	s	d		£
June 8		355	9	10	Zero	Date
Sept 11		466	16	8	33	15 411
		229	14	7	98	22 540
{ 1 052 d	divided into 37 951 gives 36 days					
June 5 + 36 days gives July 11)						£37 951
		£1 052	1	1		

EXERCISE I—No. 12 (contd.)

BALANCE SHEET OF X AND Y
AS AT 30TH JUNE, 1938

Liabilities	£	Assets	£
<i>Capital Accounts—</i>		<i>Plant and Machinery</i>	4,050
X	7,680	<i>Motor Lorries</i>	1,440
Y	4,000	<i>Furniture and Fittings</i>	810
<i>Current Accounts—</i>		<i>Investments</i>	2,500
X Balance 1st July	£1,650	<i>Stock, 30th June</i>	6,780
Add Share of Profit	£1,700	<i>Sundry Debtors</i>	£6,790
	3,350	<i>Less Bad Debts Reserve</i>	£500
Y Share of Profit	£1,360		6,290
Less O/drawn	£270	<i>Rates Paid in Advance</i>	40
	1,090	<i>Insurance do</i>	30
Bank O/draft	1,320	<i>Cash in hand</i>	30
Bills Payable	790		
Sundry Creditors	3,820		
	<u>£21,970</u>		<u>£21,970</u>

EXERCISE II—No. 1.

THE PIMLICO CYCLE CO

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

(Dr SIDE)

	£	s	d	£	s	d
To Stocks 1st January—						
Materials	2,730	—	—			
Machines	7,838	—	—			
				10,588	—	—
„ Purchases—Materials				139,920	—	—
„ Wages of Workmen				26,798	—	—
„ Balance—Gross profit				19,484	—	—
				<u>£196,790</u>	—	—

(Cr SIDE)

	£	s	d	£	s	d
By Sales—Machines				188,680	—	—
„ Stocks 31st December—						
Materials	1,860	—	—			
Machines	6,250	—	—			
				8,110	—	—
				<u>£196,790</u>	—	—

EXERCISE II—No 3 (contd.).

MESSRS RICE & BAXTER
BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES				ASSETS			
£	s	d		£	s	d	
Bills Payable			2 690	Bank—Current A/c	2 418	—	—
Sundry Creditors			39 0	" — Deposit A/c	1 000	—	—
Rent Outstanding			166				3 418
Capital Accounts—				Bills Receivable			3,560
P. Rice				Sundry Debtors	17 078		
Balance, 1st Jan	20 000	—	—	Less Bad Debts			
Add Interest	1 000	—	—	Reserve	428 19		
" Share of Profit	879	1	3				16 651
				Stock			12 857
Less Drawings	21 879	1	3	Furniture & Fixtures			500
	1,600	—	—				
			20 279				
J. Baxter							
Balance, 1st Jan	10 000	—	—				
Add Interest	300	—	—				
" Share of Profit	439	10	7				
Less Drawings	10 939	10	7				
	1 002	10	—				
			9 937				
(including Int of £1)							
£	36 986		1 10				£ 36 986 1 10

EXERCISE II—No 4

MESSRS LEWIS & CO.

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19 .

Cr

Dr				Cr			
	£	s	d		£	s	d
To Stock 1st July	9 645	—	—	By Sales	37 500	—	—
" Purchases	29 381	—	—	" Stock, 30th June	11,774	18	4
" Freight and Cartage	158	—	—				
" Wages	5 340	—	—				
" Bal—Gross Profit	5 750	18	4				
	£ 49 274	18	4		£ 49,274	18	4

EXERCISE II—No 4 (contd)

MESSRS LEWIS & CO
 PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19 . Cr

Dr	£	s	d	£	s	d		£	s	d	Cr
To Gas & Elec. Light				80			By Trading Account—				
" Consum on & D set				420			Gross Profit	750	18	4	
" Addition to Bad											
Debts Reserve				100							
" Salaries				1 000							
" Partnership Salary											
(due to T Smothers)				300							
" Rent Rates & Taxes				1 500							
" Travelling Exps.				964							
" Bad Debts				119							
" General Expenses				312							
" Interest on Capital—											
P Lewis											
5% of £7 012	350	12									
T Smothers											
5% of £5 010	250	10									
				601		2					
" Balance—Net Profit											
to Capital A/cs											
P Lewis 15 sh	556	19	6								
T Smothers 25 sh	397	16	10								
				954	16	4					
				£5 750	18	4					
								£5 750	18	4	

MESSRS LEWIS & CO

BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES.	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				739			Cash				20		
Bills Payable				1 970			Bills Receivable				761		
Sundry Creditors				6 245			Sundry Debtors	9 036					
Capital Accounts—							Add Debtors for						
P Lewis							Rent	50					
Balance 1st July	7 012												
Add Interest	350	12											
Share of Profit	556	19	6				Less Bad Debts	9 086					
							Reserve	250					
Less Drawings	1 000										8 836		
				6 919	11	6	Stock				11 774	18	4
T Smothers													
Balance 1st July	5 010												
Add Interest	250	10											
Salary	300												
Share of Profit	397	16	10										
	5 957	8	20										
Less Drawings	400												
				5 558	6	10							
				£21 431	18	4					£21 431	18	4

EXERCISE II—No. 5.

MESSRS ROCKLYN & CO

BALANCE SHEET AS AT 30TH SEPTEMBER, 19...

[illegible]

MESSRS ROCKLYN & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19 .

G

	£	s	d		£	s	d
To Stock 1st Oct	7	960	-	By Sales	49	240	-
" Purchases	18	632	-	" Stock 30th Sept	3	372	-
" Wages of Workmen	6	938	-				
" Coal and Coke	1	040	-				
" Bal—Gross Profit	18	592	-				
	£52	612	-		£52	612	-

D7 FOR THE YEAR ENDED 30TH SEPTEMBER 19

EXERCISE II—No 6 (contd.).

MESSRS W PRICE & E ACKWORTH

TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST MARCH 19 .

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st April				2,172	11	3	By Sales	12,617	15	—			
" Purchases	8,329	4	1				Less Returns						
Less Returns Outward	317	6	7				Inward .	742	2	6			
				8,011	17	6	" Stock				11,675	12	—
" Carriage Inwards				89	15	5					1,658	14	—
" Manufg Wages				991	9	10							
" Expenses				267	19	8							
" Factory Fuel and Power				54	6	2							
" Balance, Gross Profit c/d				1,946	7	5							
				£ 13,534	7	3					£ 13,534	7	3
To Office Salaries				374	10	6	By Trading Account, Gross Profit b/d				1,946	7	5
" Lighting and Heating				39	5	7	" Bal., Net Loss				500	—	—
" Traveling				92	6	7							
" Carriage Outwards				95	19	9							
" Rent, Rates and Taxes	276	14	9										
Add Quarter's Rent owing	80	—	—										
				326	14	9							
" Office Expenses				271	14	4							
" Discount				42	7	3							
" Insurance	87	6	3										
Less amount unexpired	7	3	4										
				50	2	11							
" Interest on Capital				466	2	6							
" Provision for Bad Debts				119	16	3							
" Depreciation—10% of Plant, etc.				567	5	4							
				£ 2,446	7	5					£ 2,446	7	5

EXERCISE II—No 7

MESSRS PERRY & RUSTON

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 30TH APRIL 19..

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st May				6,390	—	—	By Sales	21,390	—	—			
" Purchases	11,720	—	—				Less Returns						
Less Returns Outward	1,620	—	—				Inwards	2,890					
				10,100	—	—	Stock, 30th April				18,500	—	—
" Carriage Inwards				38	—	—					9,384	—	—
" Wages (manufg)				3,994	—	—							
" Bal., Gross Profit				7,042	—	—							
				£ 27,884	—	—					£ 27,884	—	—

EXERCISE II—No 8

MESSRS KINGSLEY & LARKE

TRADING ACCOUNT

Dr	FOR THE YEAR ENDED 31st JULY, 19..				Cr
	£	s	d		£ s d.
To Stock 1st Aug . .	10,764	-	-	By Sales	47 560 - -
" Purchases	21 462	-	-	" Stock, 31st July	9 550 - -
" Wages (manufctg)	9 294	-	-		
" Bal—Gross Profit	15,890	-	-		
	£ 57,110	-	-		£ 57,110 - -

MESSRS KINGSLEY & LARKE

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31st JULY 19				Cr
	£	s	d		£ s d
To Discounts allowed			850	By Trading Account—	
" General Charges			1 570	Gross Profit	15 890
" Rent, Rates & Taxes			3 500	Discounts recd	520 - -
" Bad Debts			920	Bad Debts Res.	
" Salaries			2 520	1st Aug 1 160	
" Insurance			190	Less New Provision (provided)	500 - -
" Int on Capital A/c—					
B. Kingsley					
(5% of £21 560) 1,068					
R. Larke					
(5% of £10 840) 542 - -			1 600		
" Depreciation—					
Patents					
(10% of £3 000) 300 - -					
Plant & Machinery					
(10% of £14 890) 1 489 - -					
Business Premises			200 - -		
			1 989		
" Work Manager's Commission					
(5% of £3 951)			197 11		
" Balance—Net Profit to Capital A/c—					
Kingsley $\frac{1}{2}$ sh. 2 872 6					
Larke $\frac{1}{2}$ sh. 1 211 3					
			3,753 9		
	£ 16 970	-	-		£ 16 970 - -

EXERCISE II—No 8 (contd)

MESSRS KINGSIFY & LARKE
BALANCE SHEET AS AT 31ST JULY 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Liabilities Payable				2 686			Cash	20					
Sundry Creditors				6 994			Bank	3 940	-				
Work Manager's Com				197	11						3 960		
Capital Accounts—							Sundry Debtors	11 760	-				
B Kingsley							Less Bad Debts						
Balance 1st Aug 21 360	-						Reserve	600	-				
Add Interest	1 058										11 160		
Share of Profit 2 502	6						Stock				9 550		
	21 930	6					Patents	3 000					
Less Drawings	1 940						Less Depreciation	300			2 700		
				22 970	6		Plant & Machinery	14 631					
L Larke							Less Depreciation	1 469	-		13 221		
Balance 1st Aug 10 640							Premises	4 000					
Add Interest	532						Less Depreciation	200			3 800		
Share of Profit 1 241	3	-											
	12 423	3											
Less Drawings	900												
				11 523	3								
				£ 44 391							£ 44 391		

EXERCISE II—No 9

MESSRS RAMSDEN & BROOKES

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19 Cr

	£	s	d	£	s	d		£	s	d
To Debtors allowed				230	-		By Trading Account—			
Rent Rates & Taxes				800			Gross Profit	5 860	-	
Repairs				146						
Salaries				720						
General Expenses				852						
Bad Debts Reserve										
(5% of £20 176)	1 008	16								
Less Old Reserve	600									
				406	16					
Depreciation—										
Plant & Machinery										
(10% of £3 560)				356						
Interest on Cap A/c—										
A Ramsden										
5% of £12 300	615									
P Brookes										
5% of £6 800	343	-								
				958						
Bal—Net Profit										
(½ sh to each partner)				1 329	4					
				£ 5 860						£ 5 860

EXERCISE II—No 9 (contd)

MESSRS RAMSDEN & BROOKES

TRADING ACCOUNT

Dr. FOR THE YEAR ENDED 30TH JUNE, 19..

Cr

	£	s	d		£	s	d
To Stock, 1st July . . .	5,900	-	-	By Sales . . .	29,384	-	-
" Purchases . . .	17,182	-	-	" Stock, 30th June . .	2,498	-	-
" Wages . . .	2,940	-	-				
" Bal—Gross Profit . .	5,860	-	-				
	£ 31,882	-	-		£ 31,882	-	-

MESSRS RAMSDEN & BROOKES

BALANCE SHEET AS AT 30TH JUNE, 19..

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bills Payable . . .				3,800	-	-	Cash . . .	30	-	-			
Sundry Creditors . .				8,192	-	-	Bank . . .	1,120	-	-	1,150	-	-
Capital Accounts—							Bills Receivable . .				620	-	-
A Ramsden . . .							Sundry Debtors . .	20,176	-	-			
Balance 1st July 12 300							Less Bad Debts . .						
Add Interest . . . 615							Reserve . . .	1,008	16	-	19,167	4	-
" Share of Profit 664 12							Stock . . .				2,498	-	-
	15,579	12	-				Plant & Machinery .	3,560	-	-			
Less Drawings . . .	1,200	-	-	12,379	12	-	Less Depreciation .	308	-	-	3,204	-	-
							Premises				5,000	-	-
F Brookes . . .													
Balance 1st July 6,800													
Add Interest . . . 343													
" Share of Profit 664 12													
	7,867	12	-										
Less Drawings . . .	600	-	-	7,267	12	-							
				£ 31,639	4	-					£ 31,639	4	-

EXERCISE II—No 10

MESSRS A B C & CO

TRADING ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan. . .				5,000	-	-	By Sales . . .	25,000	-	-			
" Purchases . . .	10,000	-	-				Less Returns . . .						
Less Returns . . .							Inward . . .	300	-	-	24,700	-	-
Outward . . .	200	-	-				Stock, 31st Dec . .				5,000	-	-
				9,800	-	-							
" Wages (manufg) . .				2,000	-	-							
" Rent of Factory . .				250	-	-							
" Carriage & Freight .				500	-	-							
on Raw Material . .				14,650	-	-							
" Bal., Gross Profit . .				£ 32,200	-	-					£ 32,200	-	-

EXERCISE II—No. 11.

POOLE & CO.

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19..

Cr.

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				940			By Trading Account						
Commission				660			Gross Profit				7,510		
Discts. allowed				1,064			Discts. received				720		
Rent Rates, and Taxes				1,660									
General Expenses				872									
Travelling Exps.				520									
Deprecn of Plant				1,026									
Int. on Cap. A/c													
R. Poole													
(5% of £9,000)	450												
F. Winchley													
(5% of £9,000)	450												
				900									
By Balance													
to Capital A/c													
R. Poole	344												
F. Winchley	344												
				688									
				(8,330)							(8,330)		

POOLE & CO

TRIAL BALANCE

	£	s	d	£	s	d
Drawings Accounts—						
R. Poole	800					
F. Winchley	800					
Sundry Debtors	7,360					
Plant and Machinery	9,252					
Premises	3,000					
Bank	1,160					
Salaries	940					
Carriage	450					
Commission	660					
Depreciation	1,026					
Discounts allowed	1,064					
Rent Rates, and Taxes	1,660					
Wages	5,480					
General Expenses	872					
Travelling Expenses	520					
Purchases	26,720					
Capital Accounts—						
R. Poole				9,000		
F. Winchley				9,000		
Bills Payable				1,500		
Sundry Creditor				6,204		
Discounts received				720		
Sales				35,360		
	£61,784			£61,784		
Stock, 30th Sept., £4,900						

EXERCISE II No 11 (contd)

POOLE & CO

BALANCE SHEET AS AT 30TH SEPTEMBER 19

LIABILITIES			£	s	d	£	s	d
Bills Payable						1 500		
Sundry Creditors						6 204		
Capital Accounts—								
R Poole								
Balance 1st Oct			9 000					
Add Interest			450					
Share of Profit			344					
			9 794					
Less Drawings			800			8 994		
F Winchley								
Balance 1st Oct			9 000					
Add Interest			450					
Share of Profit			344					
			9 794					
Less Drawings			800			8 994		
						£25 692		
ASSETS								
Bank						1 180		
Sundry Debtors						7 360		
Stock						4 900		
Plant—NET						9 252		
Premises						3 000		
						£25 692		

POOLE & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER 19

Cr

	£	s	d		£	s	d
To Purchases	26 720			By Sales	35 360		
Carriage	450			Stock 30th Sept	4 900		
Wages of Workmen	5 480						
Bal —Gross Profit	7 610						
	£40 260				£40 260		

EXERCISE II—No 12.

MESSRS H OAKLEY & W DENHAM

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31st DECEMBER, 19.

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				10 919	5	5	By Sales				45 230	2	10
" Purchases				31 638	10	7	" Stock, 31st Dec., 19				14 725	2	6
" Carriage				1 006	2	9							
" Wages				7 930	1	4							
" Bal, Gross Profit				9 010	5	3							
				£ 59 955	5	4					£ 59 955	5	4
To Salaries				550	-	-	By Trading Account						
" Rites and Taxes				251	9	11	Gross Profit				9 010	5	3
" Gen Trade Exp				1 640	17	2	" Interest and Dis				43	12	1
" Repairs				337	13	1	count						
" Office Expenses				104	5	3							
" Insurance				191	11	4							
" Int on Mortgage													
(½ yr at 5% of													
£4 000 added)				22½									
" Btl Debts Reserve													
(5% of £8 516)				425	10								
" Depreciation—													
Machinery & Plant													
(7½% of £1 000)	450	-											
Furniture & Fittings													
(6% of £3 600)	216	-		666	-								
" Int on Capital 4½%													
H Oakley													
(3% of £10 000)	500	-											
W Denham													
(5% of £9 000)	450	-		950									
" Addition to Res													
Fund provided													
(7½% of £4 311/10/7)				323	7	3							
" Bal—Net Profit													
to Capital A/cs													
H Oakley sh	1 494	1	6										
W Denham sh	1 094	1	9	3 988	3	4							
				£9 051	17	4					£9 051	17	4

EXERCISE II—No 12 (contd)

MESSRS H OAKLEY & W DENHAM
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				2 437	—	—	Cash in hand				472	14	7
Bills Payable				2 402	8	2	Sundry Debtors	8 510	—	—			
Sundry Creditors				13 602	18	4	Less Bad Debts						
Mtgs on Premises	4 500	—	—				Reserve	425	10	—	8 084	10	—
Int. due on Mortgage	112	10	—								14 725	2	6
				4 612	10		Stock						
Reserve Fund	1 050	—	—				Machinery & Plant	6 000	—	—			
Add Transfer from Profit and Loss	323	7	3				Less Depreciat on	450	—	—	5 550	—	—
				1 373	7	3	Fixtures & Fittings	3 600	—	—			
Capital Accounts—							Less Depreciation	216	—	—	3 384	—	—
H Oakley							Freehold Premises				13 100	—	—
Bal 1st Jan	10 000												
Add Interest	500												
Sh. of Profit	1 994	1	8										
	12 494	1	8										
Less Drawings	1 767	10	—										
				10 726	11	8							
W Denham													
Bal 1st Jan	9 000												
Add Interest	450												
Sh. of Profit	1 994	1	8										
	11 444	1	8										
Less Drawings	146	10	—										
				9 961	11	8							
				£ 45 316	7	1					£ 45 316	7	1

EXERCISE II—No 13

LEDGER

(Dr SIDE) H SHEPHERD'S DRAWINGS ACCOUNT

			Months	Interest	Amount
				£ s d	£ s d
19					
Feb 1	To Cash	.	11	2 5 10	50
Apr 1			9	3 15	100
June 1			7	1 9 2	50
Aug 1			5	1 10	50
Oct 1			3	1 5	100
Dec 1			1	4 2	50
31	Interest	.			10
					£ 410

EXERCISE II—No 13 (contd.).

(Dr SIDE) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19.										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1		.	.	10	1	11	3	37	10	-
May 1		.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1	"	.	.	5		10	5	25	-	-
Sept 1	"	.	.	4		12	6	37	10	-
Nov 1	"	.	.	2		10	5	62	10	-
Dec 1	"	.	.	1		4	2	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

				£	s	d					£	s	d
To Purchases				3817	6	6	By Sales				8758	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3750	-	-
" Wages				1304	2	6							
" Bal, Gross Profit				8089	17	-							
				13506	10	7					13506	10	7
To Salaries				437	10	-	By Trading Account						
" Taxes & Insurance				224	12	8	Gross Profit				8089	17	-
" Rents				523	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre-				212	5	7	(as above Ledger						
" ciation				250	3	7	Accounts)—						
" Int and Disc							H Shepherd				10		
" Partnership Salary							G Elkington				8	2	8
" (Due to G Elkington)				100	-	-					18	2	8
" Int on Cap A/cs													
" H Shepherd				200	-	-							
" (5% of £4000)													
" G Elkington				50	-	-							
" (5% of £1000)													
" Bal—Net Profit													
" to Capital A/cs													
" H Shepherd				2989	19	1							
" ½ share													
" G Elkington				2989	19	1							
" ½ share													
				5979	19	2							
				18107	19	6					18107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				664	19	9	Cash in hand				305		2 11
Bills Payable				4 1	3	4	Sundry Debtors				4 657	8	6
Sundry Creditors				1 06	7	1	Stock				3 750		
Capital Accounts—							Plant and Tools				1 437	14	5
H. Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Sh of Profit	7 968	19	1										
	7 189	19	1										
Less Drawings (as Ledger A/c)	410												
				6 779	19	1							
G. Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Sh of Profit	2 969	19	1										
	4 139	19	1										
Less Drawings (as Ledger A/c)	358	2	6										
				3 781	16	7							
				£ 10 710	5	10					£ 12 710	5	10

EXERCISE II—No 14

LEDGER

Dr

BAD DEBTS ACCOUNT

Cr

19		£	s	d	19		£	s	d
(a) Dec 31	To Sundries	630	10	6	(a) Dec 31	By Profit and Loss	630	10	6
(b) Dec 31	Sundries	630	10	6	(b) Dec 31	Bad Debts Res	630	10	6
31	Bad Debts Res	723	3	10	31	Profit and Loss	723	3	10

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

		£	s	d	19		£	s	d
					(a) Dec 31	By Balance	723	15	6
						Profit and Loss	00	13	4
(b) Dec 31	To Bad Debts	630	10	6	(b) Dec 31	Balance	723	15	6
						Bad Debts	723	3	10

Dr

PROFIT AND LOSS ACCOUNT

Cr

19		£	s	d					
(a) Dec 31	To Bad Debts	630	10	6					
31	Res	92	13	4					
(b) Dec 31	To Bad Debts	723	3	10					

BALANCE SHEET 31st December 19

ASSETS.
(a) Sundry Debtors
Less Bad Debts Reserve

£	s	d
16 368	16	3
818	8	10
£ 15 550	7	5

EXERCISE II—No 13 (contd.).

(Dr SIDE) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19..										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1	"	.	.	10	1	11	3	37	10	-
May 1	"	.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1	"	.	.	5		10	5	25	-	-
Sept 1	"	.	.	4		12	6	37	10	-
Nov 1	"	.	.	2		10	5	62	10	-
Dec 1	"	.	.	1			4	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

				£	s	d					£	s	d
To Purchases				3857	6	6	By Sales				9758	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3750	-	-
" Wages				1304	2	6							
" Bal, Gross Profit				8089	17								
				13506	10	7					13506	10	7
To Salaries				457	10		By Trading Account						
" Taxes & Insurance				224	12	6	Gross Profit				8089	17	-
" Rents				525	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre							(as above Ledger						
" ciation				232	5	7	Accounts)—						
" Int and Disc				250	3	7	H Shepherd				10		
" Partnership Salary							G Elkington				8	2	6
" (Due to G Elkington)				100									
" Int on Cap A/cs											18	2	6
" H Shepherd													
" (5% of £4000)				200	-								
" G Elkington				50									
" (5% of £1000)						250							
" Bal—Net Profit													
" to Capital A/cs													
" H Shepherd													
" ½ share				2989	19	1							
" G Elkington													
" ½ share				2989	19	1							
						5979	18	2					
						£8107	19	6			£8107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				664	19	9	Cash in hand				585	2	11
Bills Payable				421	3	4	Sundry Debtors				4 657	8	6
Sundry Creditors				1 06	7	1	Stock				3 750		
Capital Accrued—							Plant and Tools				1 437	14	5
H Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Sh of Profit	2 989	19	1										
	7 189	19	1										
Less Drawings													
(as Ledger A/c)	470												
				6 719	19	1							
G Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Sh of Profit	2 989	19	1										
	4 139	19	1										
Less Drawings													
(as Ledger A/c)	3 8	2	6										
				3 781	16	7							
				£ 10 710	5	10					£ 10 710	5	10

EXERCISE II—No 14

LEDGER

Dr

BAD DEBTS ACCOUNT

Cr

	£	s	d		£	s	d
19 (a) Dec 31 To Sundries	630	10	6	19 (a) Dec 31 By Profit and Loss	630	10	6
(b) Dec 31 Sundries	630	10	6	(b) Dec 31 Bad Debts Res	630	10	6
31 Bad Debts Res	723	3	10	31 Profit and Loss	723	3	10

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

	£	s	d		£	s	d
19 (a) Dec 31 To Bad Debts	630	10	6	19 (a) Dec 31 By Balance	723	15	6
(b) Dec 31 To Bad Debts	630	10	6	31 Profit and Loss	90	13	4
				(b) Dec 31 Balance	723	15	6
				31 Bad Debts	723	3	10

Dr

PROFIT AND LOSS ACCOUNT

Cr

	£	s	d		£	s	d
19 (a) Dec 31 To Bad Debts Res	630	10	6				
31 Res	92	13	4				
(b) Dec 31 To Bad Debts	723	3	10				

BALANCE SHEET 31st December 19

ASSETS	£	s	d
(a) Sundry Debtors	16 368	16	3
Less Bad Debts Reserve	818	8	10
	£ 15 550	7	5

EXERCISE II—No. 15.

Dr.		BAD DEBTS ACCOUNT						Cr	
		£	s	d			£	s	d
19					19				
(a) Dec 31	To Sundries .	62	15	10	(a) Dec 31	By Profit and Loss	62	15	10
(b) Dec 31	To Sundries	62	15	10	(b) Dec 31	By Bad Debts Res	62	15	10
" 31	Profit and Loss	14	14	1	" 31	" " "	14	14	1

Dr		BAD DEBTS RESERVE ACCOUNT						Cr	
19		£	s	d	19		£	s	d
(a) Dec 31	To Profit and Loss	77	9	11	(a) Dec 1	By Balance	268	16	7
(b) Dec 31	To Bad Debts	62	15	10	(b) Dec 1	By Balance	268	16	7
" 31	"	14	14	1					

Dr		PROFIT AND LOSS ACCOUNT						Cr		
19			£	s	d	19		£	s	d
Dec	31	To Bad Debts	62	15	10	(a) Dec 31	By Bad Debts Res.	77	9	11
						(b) Dec 31	" " "	14	14	1

BALANCE SHEET 31st December 19 .

		ASSETS					
		(a) Sundry Debtors	£	s	d		
		Less Bad Debts Reserve	3828	13	6		
			191	6	10		
		(b) As " "	3675	6	10		

EXERCISE II—No. 16

Dr		BAD DEBTS RESERVE ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
(a) Dec 31	To Profit and Loss	56	10	6	(a) Jan Dec 31	By Balance	56	10	6
(b) Dec 31	To Bad Debts	56	10	6	(b) Jan Dec 31	By Balance	56	10	6

Dr		BAD DEBTS ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
(b) Dec 31	To Profit and Loss	56	10	6	(b) Dec 31	By Bad Debts Res	56	10	6

Dr		PROFIT AND LOSS ACCOUNT				Cr		
				19		£	s	d
				(a) Dec. 31	By Bad Debts Res	56	10	6
				(b) Dec. 31	" Bad D bts	56	10	6

EXERCISE II—No 16 (contd)

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			1076	8	10
				(b) As A					

EXERCISE II—No 17

Dr DISCOUNTS ALLOWED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Sundries	163	7 8	(a) Dec 31	By Profit and Loss	163 17 8
(b) Dec 31	To Sundries	163	17 8	(b) Dec 31	By Disc't Reserve	163 17 8
31	Discount Reserve	195	5 8	31	Profit and Loss	195 5 8

Dr DISCOUNT RESERVE ON DEBTORS ACCOUNT				Cr		
				19		£ s d
				(a) Dec 31	By Balance	175 15 8
					Profit and Loss	31 8
(b) Dec 31	To Disc'ts. Allowed	163	17 8	(b) Dec 31	By Balance	175 15 8
					" Disc'ts Allowed	195 5 8

Dr PROFIT AND LOSS ACCOUNT				Cr		
19		£	s d			
(a) Dec 31	To Disc'ts. Allowed	163	17 8			
31	Discount Reserve	31	8			
(b) Dec 31	To Disc'ts Allowed	195	5 8			

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			4361	10	11
				Less Bad Debts Res	£218 1/7				
				" Discount Res	£207/3/6		425	5	1
							£3936	5	10
				(b) As A					

EXERCISE II—No 18

Dr DISCOUNTS RECEIVED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Profit and Loss	110	16 6	(a) Dec 31	By Sundries	110 16 6
(b) Dec 31	To Discount Reserve	110	16 6	(b) Dec 31	By Sundries	110 16 6
31	Profit and Loss	113	19 11	31	Discount Reserve	113 19 11

Dr DISCOUNT RESERVE ON CREDITORS				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Balance	120	10 6			
	Profit and Loss	3	3 5			
(b) Dec 31	To Balance	120	10 6	(b) Dec 31	By Disc'ts Received	110 16 6
31	Disc'ts Received	113	19 11			

EXERCISE II—No 18 (contd.)

<i>Dr</i>		PROFIT AND LOSS ACCOUNT		<i>Cr</i>	
			19 (a) Dec 31	By Discts Received	£ 110 16 6
			31	" Discount Reserve	3 3 5
			(b) Dec 31	By Discts. Received	113 19 11

BALANCE SHEET 31st December 19

LIABILITIES		£	s	d
(a) Sundry Creditors		4,947	17	5
Less Discount Reserve		123	13	11
		£4,824	3	6
(b) As "A"				

EXERCISE II—No 19.

<i>Dr</i>		DISCOUNTS RECEIVED ACCOUNT		<i>Cr</i>	
19 (a) Dec 31	To Profit and Loss	£ 187 16 5	19 (a) Dec 31	By Sundries	£ 187 16 5
(b) Dec 31	To Discount Reserve	187 16 5	(b) Dec 31	By Sundries	187 16 5
" 31	" Profit and Loss	192 16 2	" 31	" Discount Reserve	192 19 2

<i>Dr</i>		DISCOUNT RESERVE ON CREDITORS		<i>Cr</i>	
19 (a) Dec 31	To Balance	£ 160 13 6	19		£ s d
" 31	" Profit and Loss	4 19 9			
(b) Dec 31	To Balance	160 13 6	(b) Dec 31	By Discts. Received	187 16 5
" 31	Discts Received	192 16 2			

<i>Dr</i>		PROFIT AND LOSS ACCOUNT		<i>Cr</i>	
			19 (a) Dec 31	By Discts Received	£ 187 16 5
			31	Discount Reserve	4 19 9
			(b) Dec 31	By Discts. Received	192 16 2

BALANCE SHEET, 31st December, 19

LIABILITIES		£	s	d
Sundry Creditors		6,628	10	11
Less Discount Reserve		163	13	5
		£6,464	17	6

EXERCISE II—No 20

Dr		BAD DEBTS ACCOUNT				Cr	
19 Dec 31	To Sundries	£	s	d	19 Dec 31	By Profit and Loss	£ s d
		1 000					1 000
19 Dec 31	To Sundries	1 100			19 Dec 31	By Profit and Loss	1 100

Dr		BAD DEBTS RESERVE				Cr	
19 Dec 31	To Balance c/d	£	s	d	19 Jan 1	By Balance	£ s d
		1 125			Dec 31	Profit and Loss	850 250
		£1 125					1 125
19 Dec 31	To Profit and Loss Balance c/d	174 9			19 Jan 1	By Balance b/d	1 125
		85	11				£1 125
		£ 12			Dec 31	By Balance b/d	0 0 11

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19 Dec 31	To Bad Debts	£	s	d			£ s d
31	Bad Debts Reserve (Additional amount to raise reserve to 7½% of £10 000)	1 000					
		960					
		£1 260					
19 Dec 31	To Bad Debts	1 100			19 Dec 31	By Bad Debts Reserve (Amount credited to reduce reserve to 7½% of £12 674)	174 9 -

EXERCISE II—No 21

JOHN COMBINE

TRADING ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19				Cr	
		£	s	d		£	s d
To Stock 1st Jan	9 600				By Sales (less Returns Inwards £100)	24 900	
Purchases	12 000				Stock 31st Dec	9 500	
Railway Charges	500						
Wages	3 200						
Balance Gross Profit	3 100						
	£28 400					£28 400	- -

EXERCISE II—No. 21 (cont'd).

JOHN COMBINE

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER, 19...

Gr

To Rent Rates & Taxes				£	s.	d.		By Trading Account—				£	s.	d.
" Travelling Expenses								Gross Profit						
" Office Expenses				206	-	-		Disctn on Purchses				3	100	-
" Repairs to Plant				500	-	-		" Bad Debts Reserve					400	-
" Discount on Sales				198	-	-		1st Jan	500	-	-			
" Income Tax				500	-	-		Less New Provision (5% of £3,500-£400)	155	-	-			
" Bad Debts (written off this year)				30	-	-								
" Interest on Bank Overdraft				400	-	-						3	45	-
" Depreciation— Plant & Machinery (10% of £2,000)				20	-	-								
" Int on Capital A/c (5% of £2,000 less 5% of £500 for 11 m.)				200	-	-								
" Bal — NET Credit to Capital A/c				227	1	8								
				1,037	18	4								
				(£3,843)	-	-						(£3,843)	-	-

JOHN COMBINE

BALANCE SHEET AS AT 31ST DECEMBER 19...

LIABILITIES.				ASSETS.				
£	s.	d.	£	s.	d.	£	s.	d.
The Compt. dated						Cash on hand		£ 200
Bank Co			400	-	-	Bills Receivable		600
Bills Payable			500	-	-	Sundry Debtors	£ 3 300	
Sundry Creditors			2,300	-	-	Less Bad Debts 400		
Capital Account—						" Bad Debts		
Balance, 1st Jan.	4 500	-				Reserve	155	
Add Capital introduced 1st Dec.	500	-					555	
" 1st on above	217	1 8				Stock		2,945
" Profit for year	1,087	18 4				Plant & Machinery	2 000	3 500
	8 315	-				Less Depreciation	200	
Less Drawings	500	-						1,800
			5,815	-	-			
			(3 045)	-	-			(9 045)

EXERCISE II—No 22

MESSRS BLACK & WHITE

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

 C_r

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 000			By Sales				24 800		
Purchases				16 400			Stock 31st Dec				3 220		
Wages (manufacts)				2 150									
Bal Gross Profit				6 420									
				28 020							28 020		
To Salaries				820			By Trading Account						
Rates and Taxes				325			Gross Profit				6 420		
Trade Charges				400									
Bad Debts Rev.													
(5% of £13 100)	650												
Less Old Res	600												
				55									
Int on Loan A/c				220									
(4½% of £5 000)													
Depreciation—													
Plant & Mach rev				200									
(10% of £4 000)													
Loose (1/2 of £2 400				400									
written off)													
Int on Cap A/cs													
Bank													
(5% of £5 000)	250												
White													
(5% of £2 000)	100												
				350									
Bal — NET Profit													
to Capital A/c													
Black 1/2 share	1 820												
White 1/2 share	1 820												
				3 640									
				6 420							6 420		

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19 . . .

LIABILITIES	£	s	d.	£	s	d.	ASSETS	£	s	d.	£	s	d.
Loan Account				5 2½	-	-	Bank				1 200	-	-
Sundry Creditors				15 3½	-	-	Sundry Debtors	13 100	-	-			
Capital Accounts—							Less Bad Debts Reserve.	65½	-	-			
Black											12 445	-	-
Bal 1st Jan	5 000	-	-				Stock				3 225	-	-
Add Interest	250	-	-				Plant	4 000	-	-			
Sh of Profit	187½	-	-				Less Depreciation	200	-	-			
											3 800	-	-
Less Drawings	7 075	-	-				Premium o Lease	2 400	-	-			
	500	-	-	6 52½	-	-	Less annual amt written off	400	-	-			
White											2 000	-	-
Bal 1st Jan	2 000	-	-				Freehold Land and Buildings				8 000	-	-
Add Interest	100	-	-										
Sh of Profit	187½	-	-										
Less Drawings	3 92½	-	-										
	300	-	-	3 57½	-	-							
				£ 30 670	-	-					£ 30 670	-	-

EXERCISE II—No 24 (contd)

MESSRS SLANDER & BACKBITE
BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft	1	9	0				Cash				£	4	57
Add Int. accrued	37	10					Sundry Debtors	8	4	0			
				1	5	7	Less Bad Debts						
Sundry Creditors				8	6	2	Reserve	4	2		8	0	18
Advt. paid in advance				7	0						3	8	1
Capital Accounts—							Stock						
S Slander							Plant & Machinery	4	4	0			
Bal. 1st Jan.	9	6	4				Less Depreciation	4	4	0			
Add Sh. of Profit	9	4	11								3	9	6
							Type	2	9	0			
							Less Depreciation	5	8	0			
Less Drawings	10	7	8								2	3	0
	1	0	0				Horses and Carts	1	9	4			
				9	7	4	Less Depreciation	1	9	4			
B B. Backbite											1	7	4
Bal. 1st Jan.	7	5	4				Freehold Works	4	9	0			
Add Sh. Profit	9	2	11				Add Extensions during year	1	0				
											5	1	0
Less Drawings	8	4	6										
	0	3	2										
				7	0	12							
											£	20	4
												1	8
				£	20	4					£	20	4
												1	8

EXERCISE II—No 25

JOURNAL OF W JONES & CO
JOURNAL ENTRIES FOR ADJUSTMENTS

19		£	s	d	£	s	d
	(a) Machinery and Plant A/c To Purchases A/c	450	-	-	450	-	-
	(b) G. Smith To Bad Debts Recovered A/c	15	12	8	15	12	8
	(c) B. Brown To Allowances A/c	10	4	8	10	4	8
	(d) Returns Inwards A/c To R. Robinson	52	1	4	52	1	4
		£527	18	8	£527	18	8

EXERCISE II—No. 25 (contd.)

STATEMENT OF ADJUSTED PROFIT

		Dr			Cr		
		£	s	d	£	s	d
19.	Balance as per Profit and Loss A/c				2,481	6	4
	(a) Reduction of Purchases				450	-	-
	(b) Recovery of amount previously W/o				15	12	8
	(c) Reduction of Allowances				10	4	8
	(d) Adjustment of Sales to NET amount	52	1	4			
	Total CREDIT of Profit & Loss A/c				2,957	3	8
	Less DEBIT item of P and L. A/c				52	1	4
	Actual Profit for year				£2,905	2	4

EXERCISE II—No. 26

Dr		PUBLICATION OF BOOKS ACCOUNT			Cr				
Year 1	To Paper . Printing . Binding . Royalties . " Advertising " Profit on Sales	£ 70 100 100 100 50 190	s - - - - - -	d - - - - - -	Year 1	By Sales i.e. (2000 Copies @ 5/- ea.) Stock at Cost ($\frac{900 \times 300}{3000}$)	£ 500 90 390	s - - - - - -	d - - - - - -
		£590	-	-			£390	-	-
Year 2	To Stock (at Cost) Royalties " Profit on Sales	90 45 90	- - -	- - -	Year 2	By Sales i.e. (900 Copies @ 5/- ea.)	225 225	- - -	- - -
		£225	-	-			£225	-	-

Dr		AUTHOR'S ACCOUNT				Cr		
						£	s	d
			Year 1	By Royalties	.	100	-	-
			Year 2	By Royalties	.	45	-	-

Dr		ROYALTIES ACCOUNT				Cr			
		£	s	d			£	s	d
Year 1	To Author . .	100	-	-	Year 1	By Publication of Books	100	-	-
Year 2	To Author . .	45	-	-	Year 2	By Publication of Books	45	-	-

EXERCISE II—No 27 (could)

TH FRANCIS

BALANCE SHEET AS AT 31ST DECEMBER 19 .

[illegible]

EXERCISE II—No. 28

RENT AND RATES ACCOUNT OF RILEY BROS.

Dr			Cr		
1936		£ s d	1936		£ s d
Jan 1	Rates prepaid	28 5 8	Jan 1	Rent outstanding	90 - -
4	Rent for Christmas	90 - -	Dec 31	Balance to P and L A/c	513 7 4
Mar 29	Rent for Lady Day	90 - -			
June 16	Rates to 30th Sept	74 14 8			
July 7	Rent for Midsummer	90 - -			
Sept 30	Rent for Michaelmas	90 - -			
Dec 28	Rent for Christmas	90 - -			
31	Rates owing c d	40 8 11			
		£603 7 4			£603 7 4
			1937		
			Jan 1	Rates owing b d	40 8 11

EXERCISE II—No. 29.

RENT AND RATES ACCOUNT OF A LIMITED CO

Dr			Cr		
1933		£ s d	1933		£ s d
July 1	Rates prepaid	195 - -	June 30	Rates prepaid	305 - -
Sept 30	Rent	500 - -	30	Balance to P and L A/c	3,190 - -
Dec 31	Rent	500 - -			
1934					
Mar 31	Rates	590 - -			
31	Rent	500 - -			
June 30	Rent	500 - -			
30	Rates	610 - -			
		£ 3,495 - -			£ 3,495 - -

Note: The quarter's Rent to June 1933, does not apply to the year under review. Although paid on 10th July that amount is debited to Landlord's Account, the Rent Account including the June quarter will have been transferred to Profit and Loss Account for the year ended June, 1933.

EXERCISE II—No 30

JAMES THOMPSON

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR

FOR THE HALF YEAR ENDED 30TH JUNE 19

TRADING AND PROFIT AND LOSS ACCOUNT										
FOR THE HALF YEAR ENDED 30TH JUNE 19										
Dr					Cr					
To Stock 1st Jan	£	s	d	£	s	d	By Sales	£	s	d
Wages				4	8	00	Less Allowances and Returns	36	7	00
Royalty				12	6	84				
Coals				5	0	00	Stock 30th June			
Candles and Oil				1	2	50				
Powder				3	0	00				
Ropes				3	7	2				
Timber				5	3					
Bal Gross Profit				1	2	80				
				1	5	311				
				41	7	00				
To Carriage & Freight							By Trading Account			
Salaries				9	1	3	Gross Profit			
Rents Rates and Taxes				9	3	9	Debits received			
Repairs				2	3	39	Debit on Reserve or Creditors			
Bank Charges				3	0	0	(21% of £8 000)			
Debits allowed				2	0	0				
Damages for Breach of Contract				8	5	0				
Reserve for Bad Debts (amount provided)				1	0	0				
Discount Reserve on Debtors (21% of £6 300 £445)				4	4	5				
Depreciation—Plant and Machinery (5% of £3 520 for 6 months)				1	4	6				
Lease (proport on written off to extinguish in 10 yrs)				8	8	1				
Bal — Net Profit to Capital A/c				5	0	0				
				8	6	4				
				15	5	86				
				15	5	86				

JAMES THOMPSON

BALANCE SHEET AS AT 30TH JUNE 19

[illegible]

EXERCISE III No 1

JOURNAL OF A, B, and C

			£	s	d	£	s	d
(a)	Depreciation To Shop fittings etc	Dr	97	10	-	37	10	-
(b)	A's Current Account To Wages Account	Dr	3	10	-	3	10	-
(c)	Advertising To Stock Account	Dr	42	-	-	42	-	-
(d)	Interest Account To A's Capital Account	Dr	1,000	-	-	450	-	-
	" B's Capital Account					350	-	-
	" C's Capital Account					200	-	-

EXERCISE III—No. 2.

Dr	DISCOUNTS RECEIVED ACCOUNT	Cr
19 (a) Dec 31	To Profit and Loss	19 (a) Dec 31 By Sundries
(b) Dec 31	To Discount Reserve	(b) Dec 31 By Sundries
31	Profit and Loss	31 Discount Reserve

Dr	DISCOUNT RESERVE ON CREDITORS	Cr
19 (a) Dec 1	To Balance	19 (a) Dec 31 By Profit and Loss
(b) Dec 31	To Balance	(b) Dec 31 By Discs Received
31	Discounts Received	31

Dr	PROFIT AND LOSS ACCOUNT	Cr
19 (a) Dec 31	To Discount Reserve	19 (a) Dec 31 By Discs. Received
		(b) Dec 31 " " "

BALANCE SHEET 31st December 19.

LIABILITIES	£	s	d
Sundry Creditors	5340	18	10
Less Discount Reserve	133	10	5
	£5207	8	5

EXERCISE III—No 3

JOURNAL

			£	s	d	£	s	d
(a)	Discount Account	Dr	1	5	3	1	5	3
	To Suspense Account							
(b)	Suspense Account	Dr	9	-	-	9	-	-
	To Wages							
(c)	Suspense Account	Dr	4	15	-	4	15	-
	To Sundry Creditors							
(d)	Sales Account	Dr	1	-	-	1	-	-
	To Suspense Account							

EXERCISE III—No 4

Dr		SUSPENSE ACCOUNT				Cr			
19	To Balance	77	9	-	19	By Discount	6	3	4
	Sales	9				Customer	80	-	
	Cash Purchases	1	18	4		General Expenses	5	-	
		£88	6	4			£88	6	4

EXERCISE III—No 5

BALANCE SHEET OF CHAS CANTAUR

LIABILITIES	£	s	d	ASSETS	£	s	d
Bank Overdraft	146	-	-	Cash in hand	147	-	-
Loan Account	7 000	-	-	Stock	817	-	-
Sundry Creditors	4 600	-	-	Sundry Debtors	3 457	-	-
Capital Account	1 000	-	-	Furniture etc	780	-	-
Balance 1st Jan	£13	-	-	Less Depreciation	78	-	-
Add Profit	146	-	-	Freehold Premises	700	-	-
	£669	-	-		3 000	-	-
Less Drawings	512	-	-				
	£7 903	-	-		£7 903	-	-

EXERCISE III—No. 6.

JOURNAL
ADJUSTMENT ENTRIES

		£	s	d	£	s	d
(1)	H. Carver To Suspense Account	Dr	22	15	-	22	15
(2)	Plant and Machinery To Purchases Account	Dr	350	-	-	350	-
(3)	Suspense Account To Returns Inward	Dr	91	-	-	91	-
(4)	Sales Account To Suspense Account	Dr	68	5	-	68	5
Net Profit						3	53
Add Purchases wrongly charged			350	-	-		
Returns Inward Over-cast			91	-	-		
			441	-	-		
Less Sales Over-cast			68	5	-		
						372	15
Adjusted NET Profit						3	928

EXERCISE III—No. 7

JOURNAL

		£	s	d	£	s	d
Bad Debts Reserve	Dr	92	7	6	92	7	6
To Bad Debts							
Sundry Creditors	Dr	8	15	-	8	15	-
To Bad Debts Reserve							
Profit and Loss Account	Dr	108	12	6	108	12	6
To Bad Debts Reserve							

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

To Bad Debts Balance old	£ 92	s 7	d 6
	199		
	£192	7	6
By Balance	73		
Sundry Creditors	8	15	
Profit and Loss	108	12	6
	£192	7	6

EXERCISE III—No 8

	£	s	d	£	s	d
Difference in totals of Trial Balance as stated	38	9	3			
(a) Amount omitted from list of credit balances in the Bought Ledger				5	9	6
(b) Amount required to be debited to Debtor to correct posting of £3 15s cash received as £3 13s	1	18	—			
(c) Allowance debited to creditor and not entered elsewhere required to be credited to Returns Outwards through Returns Outwards Book					19	9
(d) Amount required to be credited to Discounts Received to compensate for £17 4s posted to debit of that account instead of the credit				34	8	—
	£40	7	3	40	17	3
Difference still remaining		10	—			
	£40	17	3	£40	17	3

EXERCISE III—No 9

Percentage of

$$\left\{ \begin{array}{l} (a) \text{ Gross Profit on Sales} = \frac{1\,700 \times 100}{5\,100} = 33\frac{1}{3}\% \\ (b) \text{ Gross Profit on Cost of Goods Sold} = \frac{1\,700 \times 100}{3\,400} = 50\% \\ (c) \text{ Net Profit on Sales} = \frac{1\,020 \times 100}{5\,100} = 20\% \\ (d) \text{ Expenses on Cost of Goods Sold} = \frac{680 \times 100}{3\,400} = 20\% \end{array} \right.$$

EXERCISE III—No 10

The books used in the Counting house of a City Warehouseman are as follows—

- | | |
|--------------------|-------------------|
| (1) Ledger | (4) Sales Book |
| (2) Cash Book | (5) Bills Books |
| (3) Purchases Book | (6) Returns Books |

The Ledger is of essential importance

Note—The Cash Book proper is part of the LEDGER

EXERCISE III—No 11

See *Advanced Accounts* pages 290 and 291 for example of Cash Book

EXERCISE III—No 12.

Dr,

COAL TRADING ACCOUNT

Cr,

Date	Particulars.	1 Ton of 21 Cwts	Price per Ton	1 Ton of 20 Cwts	Amount	Date	Particulars	Tons.	③	Amount.
19 Jan	To Stock in hand		s d		£	19 Jan	By Sales of Coal (Larger)	4 590	19 d	£ 477 5
" 2	" 800 Trucks of 7 tons each	3 675	15 6	240	193 17 8	" 31	" Sales of Coal (Small)	410	4 -	52 -
" 3	" Railway Charge on 3 500 t		6 4	3 500	1 195 16 8		" Shrinkage	5 000	tons	
" 15	" Cargo (to b Sunderland)	1 502	6 10	1 240	444 6 8			227	"	
" 31	" Freight (London)		7 2		31 5 -					
" 31	" Carriage, etc., on 410 tons		2 3		757 10 -					
" 31	" Balance (gain)				£ 557 5 -			5 227	tons	£ 4 537 5 -
	(250 + 3675 + 1502 = 5 227)									

EXERCISE III—No. 13.

MESSRS A MACADAM & J WSTRUM

D. **TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.**

[illegible]

EXERCISE III—No 12

JOURNAL OF BLACK & BROWN

JOURNAL ADJUSTMENT ENTRIES

19		£	s	d	£	s	d
	(a) Buildings Account To Repairs Account	198	-	-	198	-	-
	(b) Jas Smith To Allowances Account	18	2	4	18	2	4
	(c) Machinery Account To Wages (manufacturing)	141	-	-	141	-	-
	(d) Sales Returns To F White	64	-	-	64	-	-
		£421	2	4	£421	2	4
	The Profit and Loss Account would be adjusted as follows—	DEBITED		CREDITED			
	(a) Buildings (reduction of Repairs)			198	-		
	(b) J Smith (reduction of Allowances)			18	2	4	
	(c) Machinery (reduction of Mfg Wages)			141	-	-	
	(d) Francis White (Sales Returns) .	64	-				
	TOTAL CREDITS .			357	2	4	
	LESS ITEM OF DEBIT .			64	-	-	
	NET increase of Profit			£293	2	4	

EXERCISE III—No. 19.

PEARSON & MACGREGOR

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cy.

[illegible]

PEARSON & MACGREGOR

2

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

[illegible]

PEARSON & MACGREGOR

BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES		£	s	d	£	s	d	£	s	d
Bank Overdraft	.				122	2	2		16	7
Sundry Creditors	.				1,099	10	10		929	1
Rent Outstanding	.				50					1
Capital Accounts—										
John Pearson										
Balance, 1st Jan	.	6 000							5,271	4
Add Interest	.	300							2,994	14
" Share of Profit:		609	3	7						7
Less Drawings.	.	6 909	3	7					356	13
		650								4
Alan Macgregor					6 259	3	7		303	4
Balance, 1st Jan	.	3 000								8
Add Interest	.	150								
" Share of Profit:		304	11	10						
									762	15
Less Drawings.	.	3 454	11	10						
		300							21	8
										7
					3 154	11	10			
					10 685	6	5		10,685	5

EXERCISE III—No 20

C English s—

(a) Circulating Assets £3 500

(b) Fixed Assets £2 760

(c) Working Capital £3 500 (This item may also be equal to Liquid Assets less Liquid Liabilities (£3 500 - £1 450 = £2 050))

(d) Capital would be £4 860

(e) Net Profit should be £190

(f) The creditors would still be £1 450 as the purchase of new machine relates to the ensuing financial year

EXERCISE III—No 21

Dr

ADVERTISING SUSPENSE ACCOUNT

Cr

1931

	£	s	d		£	s	d
To Advertising Balance c/d	1 498	10		By Profit and Loss	1 500		
	1 500				1 500		

1932

	£	s	d		£	s	d
To Advertising	3 780			By Balance b/d	1 002		
				Profit and Loss Account	1 500		
	£3 780			Balance c/d	1 281		
					£3 780		

1933

	£	s	d		£	s	d
To Balance b/d Advertising	1 281	30		By Profit and Loss Account	1 500		
	1 500			Balance c/d	92		
	£1 500				£1 592		

1934

	£	s	d		£	s	d
To Balance b/d Advertising	92	27		By Profit and Loss Account	1 500		
Balance c/d	1 157						
	£1 249				£1 500		

1935

	£	s	d		£	s	d
To Advertising	3 460			By Balance b/d	1 134		
				Profit and Loss Account	1 500		
	£3 460			Balance c/d	829		
To Balance b/d	829				£3 460		

EXERCISE III—No 21 (contd.)

BALANCE SHEET

LIABILITIES				ASSETS			
	£	s	d		£	s	d
1931 Advertising Suspense A/c	1,002	-	-	1932 Advertising Suspense A/c	1,293	-	-
1934	1,137	-	-	1933	92	-	-
				1935	229	-	-

EXERCISE III—No 22.

JOURNAL ENTRIES

19		£	s	d	£	s	d
	Trading Account . . .	5,695	-	-			
	To Carriage Inwards . . .				200	-	-
	" Rent, Rates, etc . . .				960	-	-
	½ of £1,200						
	To Wages and Salaries . . .				4,400	-	-
	Lighting and Heating . . .				135	-	-
	Balances transferred						
	Profit and Loss Account . . .	2,335	-	-			
	To Salaries and Wages . . .				600	-	-
	" Lighting and Heating . . .				220	-	-
	" Directors' Remuneration . . .				1,000	-	-
	" Discounts and Allowances . . .				190	-	-
	" Rent, Rates, etc (½ of £1,200) . . .				240	-	-
	" Repairs to Plant, etc . . .				185	-	-
	Balances transferred						
	Discount on Purchases . . .	210	-	-			
	To Profit and Loss Account . . .				210	-	-
	Balance transferred						
		£8,240	-	-	£8,240	-	-

EXERCISE III—No 23

A *Capital Account* is the account of the proprietor of a business. It embraces, ordinarily, the amount introduced to commence business, interest due on that sum, profit or loss arising out of the business, and drawings (if any).

Gross Profit is the amount by which the selling price exceeds the cost price.

Net Profit is the amount by which the Gross profit exceeds the selling and administrative expenses.

A *Trading Account* (or *Working Account*) deals with purchasing and manufacturing expenses.

A *Profit and Loss Account* deals with selling and administration expenses (See *Advanced Accounts*, Chapter II f).

EXERCISE III—No 24

Dr		Z COBB—CAPITAL ACCOUNT						Cr	
1934 Sept 30	To Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		10 000	—	—	1934 Apr 1	Bank	8 800	—	—
		£	10 000	—			1 200	—	—
							£	10 000	—
					1934 Oct 1	By Balance b/d	10 000	—	—

Dr		CURRENT ACCOUNT						Cr	
1933/34 Oct 1/ Sept 30	To Drawings Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		2 000	—	—	1934 Sept 30	Interest	203	—	—
		196	8	8	20	Share of Profit $\frac{1}{2}$	440	—	—
					30		30	—	—
		£2 196	8	8			1 523	6	8
					1934 Oct 1	By Balance b/d	£2 196	6	8
							196	6	8

Dr		R COBB—CAPITAL ACCOUNT						Cr	
1934 Sept 30	To Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		5 000	—	—	1934 Apr 1	Bank	3 500	—	—
							1 400	—	—
		£5 000	—	—			£5 000	—	—
					1934 Oct 1	By Balance b/d	5 000	—	—

Dr		CURRENT ACCOUNT						Cr	
1933 Oct 1	To Balance	£	s	d	1934 Sept 30	By Interest	£	s	d
1933/34 Oct 1/ Sept 30	Drawings	1 500	—	—	30	Share of Profit $\frac{1}{2}$	180	—	—
					30	Balance c/d	35	—	—
		£1 604	—	—	30		761	13	4
							627	6	8
1934 Oct 1	To Balance b/d	627	6	8			£1 604	—	—

EXERCISE III—No 25

Dr.		A BUYER'S ACCOUNT						Cr	
1933		£	s	d	1933		£	s	d
Jan 1	To Balance	15	9	4	Jan 13	By Returns	5	-	-
" 10	Sales	40	-	-	Feb 5	" Cash	48	14	3
June 23	"	36	-	-	" 5	Discount	1	15	-
Aug 17	"	45	-	-	May 8	Cash (Deposit)	100	-	-
27	"	59	-	-	Nov 30	" Bad Debts	30	-	-
					30	Balance c/d	10	-	-
		£195	9	3			£195	9	3
1933		£	s	d	1934		£	s	d
Nov 30	To Balance b/d	10	-	-	Feb 1	By Cash	10	5	6
Feb 1	Profit and Loss		5	6			£10	5	6
		£10	5	6					

EXERCISE III—No 26

Dr		G READER—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance c/d	3 000	-	-	Jan 1	By Balance	2 500	-	-
		£3 000	-	-	July 1	Bank	500	-	-
							£3 000	-	-
					1932				
					Jan 1	By Balance b/d	3 000	-	-

Dr		G READER—CURRENT ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Jan 1	To Drawings	320	-	-	Dec 31	By Interest	125	-	-
Dec 31	" Balance c/d	194	3	4	" 31	" Share of Profit	12	10	-
		£514	3	4	" 31	"	376	14	4
							£514	3	4
					1932				
					Jan 1	By Balance b/d	194	3	4

Dr		A STOREY—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance	3 000	-	-	Jan 1	By Balance	2 500	-	-
		£3 000	-	-	July 1	Bank	500	-	-
							£3 000	-	-
					1932				
					Jan 1	By Balance b/d	3 000	-	-

EXERCISE III No 25 (contd)

Dr		A STOREY—CURRENT ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Jan /	To Drawings	3	0		Dec 31	By Interest	12	10	
Dec 31	Balance c/d		16	8	31	Share of Profit $\frac{1}{2}$	188	6	8
		£3	0	16			£32	16	8
					1932				
					Jan 1	By Balance b/d		16	8

EXERCISE III—No 27

NOMINAL LEDGER

Dr		TELEPHONE ACCOUNT (1939)						Cr	
1939		£	s	d	1939		£	s	d
Mar 31	To Qrs Rent	3	7	8	Dec 31	By Profit and Loss A/c	34	14	8
	Calls	4	7	10					
June 30	Qrs Rent	3	7	8					
	Cal s	5	2						
Sept 30	Qrs Rent	3	7	8					
	Calls	4	16						
Dec 31	Qrs Rent	3	7	8					
	Cal s	4	17	2					
		£34	14	8			£34	14	8

EXERCISE III—No 28

- (a) Revaluation of stock is necessary to avoid carrying a wrong value of this asset to the Balance Sheet as stock in trade is subject to market fluctuations and it is prudent to adjust such stock to its present market value
- (b) This value would be *debited* to a new Stock Account

EXERCISE III—No 29

Dr		RENT AND RATES ACCOUNT						Cr	
1935		£	s	d	1935		£	s	d
Feb 1	To Rates (prepaid) b f	30			Jan 31	By Rates (prepaid) c d	29		
Apr 1	Rent	15	0		31	Profit and Loss A/c	808		
July 1		18	0						
Oct 1		18	0						
Dec 15	Rates	67							
31	Income Tax Sch. A	15	0						
1936									
Jan 1	Rent (net)	30							
		£837					£837		
1936									
Feb 1	To Rates (prepaid)	29							

EXERCISE III—No 30

- (a) Capital Expenditure (b) Revenue Expenditure (c) Revenue Expenditure (d) Capital Expenditure

EXERCISE IV—No 1.

Dr		TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1937		Cr.	
	£	£		£	£
To Stock, 1st April, 1936	.	67,750	By Credit Sales	.	124,756
" Purchases	.	95,585	" Cash Sales	.	10,628
" Wages	.	10,607			
" Balance, Gross Profit c/d	.	31,540	" Stock at close 31st March, 1937		135,382
		<u>£205,482</u>			<u>70,100</u>
20 To Trade Expenses	15,206		By Gross Profit b/d	.	31,540
Less Insurance prepaid	62		" Discounts Received	.	2,006
" Discounts allowed		15,144			
" Bad Debts Reserve (new)		3,202			
Less Old Reserve					
" Depreciation of Plant 10 per cent		55			
" Debenture Interest		6,825			
" Balance, Net Profit		2,100			
		6,220			
		<u>£33,546</u>			<u>£33,546</u>

EXERCISE IV - No. 1 (cont'd)

BALANCE SHEET AS AT 31st MARCH 1937

BALANCE SHEET AS AT 31st MARCH 1937	
CAPITAL AND LIABILITIES	ASSETS
Share Capital—	
Authorized and Issued	
Debentures	
Creditors	
200 000	Buildings
50 000	Plant and Machinery
17 205	Less Depreciation
	Stock
	Debtors
	Less Reserves for Bad Debts
	Insurance prepaid
	Bank
	Profit and Loss Balance brought forward
	from Last Year
	Less Net Profit this year
£267 205	22 799
	6 220
	16 579
	£267 205

EXERCISE IV—No 2.

STATEMENT OF NET EARNINGS

	1934	1935
	£	£
Cash Receipts	619	1,042
Add Fees owing	173	281
	<u>£792</u>	<u>£1,323</u>
Less Expenses	196	248
	<u>£596</u>	<u>£1,075</u>
It is assumed that the £173 Fees owing have been paid, which amount must be deducted from net earnings in the year 1935		173
		<u>£902</u>

EXERCISE IV--No. 3

STATEMENT OF PROFIT AND LOSS OF FROST AND SNOW FOR THE YEAR ENDED 31st DECEMBER 1935	
LIABILITIES	

[illegible]

EXERCISE IV—No 3. (cont'd)

STATEMENT OF AFFAIRS OF FROST AND SNOW AS AT 31ST DECEMBER, 1935

LIABILITIES AND CAPITAL		Snow		Assets	£
Sundry Creditors	Irost				
Loan and Interest—Frost	10 000	—	—	Cash at Bank	1,999
	1 429 16	—	953 4	Sundry Debtors	7,367
				Bills Receivable	1 000
Capital 1st Jan, 1935	11,429 16	—	4,953 4	Stock in Trade	4,813
Add Share of Profit	1,243	—	1,030	Plant and Machinery	8,869
Less Drawings	£10,186 16	—	£3,923 4		
					£21,448

STATEMENT OF PROFIT AND LOSS

Dy

31st DECEMBER 19

[illegible]

STATEMENT OF AFFAIRS

31st DECEMBER 19

[illegible]

✓ EXERCISE IV--No 5.

A's STATMENT OF PROFIT AND LOSS

Dr,

31st DECEMBER, 19

Cr

	£	s	d	£	s	d	£	s	d
Sundry Creditors							Cash		
Loan Capital	500	-	-	1 950	-	-	Stock		410
Final Capital, 31st Dec, b/d :	10 153	-	-				Sundry Debtors (less 5% Reserve)	1 900	-
				10 653	-	-	Furniture (less 5% Depreciation)	8 380	-
							Plant (less 10% Depreciation)	1 73	-
				12 603	-	-		1 800	-
								12 603	-
Capital 1st Jan .	6 900	-	-						-
Interest Accrued	345	-	-				Final Capital b/d	10 153	-
Balance Nxt Profit				7 245	-	-	Drawings	300	-
				3 208	-	-			-
								10 453	-

A's STATEMENT OF AFFAIRS

31st DECEMBER 19

75

EXERCISE IV—No. 6.

BALANCE SHEET AS AT 1ST JULY 1936

LIABILITIES		ASSETS	
Sundry Creditors	£ 250	Cash	£ 8
Capital	1,383	Cash at Bank	225
		Sundry Debtors	100
		Stock	400
		Plant and Machinery	900
	<u>£1 633</u>		<u>£1 633</u>

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1937 Cr

To Stock, 1st July	£ 400	By Sales	£ 4,175
" Purchases, credit	3,217	" Drawings Account	39
Less Returns	50	" Stock, 31st June	350
" Carriage Inwards	3,167		
" Wages	84		
" Balance, Gross Profit	613		
	<u>£4,564</u>		<u>£4,564</u>
To Sundry Expenses	£ 125	By Balance, Gross Profit b/d	£ 613
" Printing etc	56		
" Rent and Rates	125		
" Heating and Lighting	39		
" Balance, Net Profit	268		
	<u>£613</u>		<u>£613</u>

EXERCISE IV—No 7.

W Robinson does not appear to have an efficient system of book-keeping

(1) Additional books required are—

(a) Purchases Book, and (b) General Ledger

(2) Posting to Ledgers must be twofold. The accounts of Debtors must be offset by an account for Sales (for aggregate of the separate postings to customers)

Credit transactions with Creditors need the "double entry" records and can be effected by the aid of the Purchases Book

(3) Discount, Cash, and Details columns are required in the Cash Book to adequately record items of Discount, or amounts transferred, etc

(4) Complete records of all impersonal items (real and nominal) should be kept in the Ledger recommended

(5) Annual Accounts can be prepared by the adoption of double entry book-keeping as against the single entry method, which is unsatisfactory for that purpose

EXERCISE IV—No 8

See *Advanced Accounts*, page 3 (under "Accounts")

EXERCISE IV—No 9.

A *Trading Account* deals with purchasing and manufacturing expenses

A *Profit and Loss Account* deals with selling, distribution and administration expenses

Trading Account Items

Sales
Purchases
Manufacturing Wages
Carriage
Stocks and Materials

Profit and Loss Account Items

Allowances
Debenture Interest
Salaries
Advertising

All relate to cost of manufacture, except Sales, which is the turnover of a business

All are expenses of selling, distribution, or administration

EXERCISE IV—No 10

JOURNAL
(FIRST METHOD)

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Bad Debts Transfer of balance	233	3	2	233	3	2
31	Provision for Bad and Doubtful Debts To Bad Debts Reserve 5% of £5 721 15 8 = £286 1/9 Less Old Reserve 267/14 11	18	6	10	18	6	10
31	Profit and Loss Account To Provision for Bad Debts etc Transfer of balance	18	6	10	18	6	10
		£272	16	10	£272	16	10

JOURNAL
(SECOND METHOD)

		£	s	d	£	s	d
19 Dec 31	Bad Debts Reserve Account To Bad Debts Transfer of balance	236	3	2	236	3	2
31	Bad Debts To Bad Debts Reserve Amount required to raise reserve from £31/11/9 to £285 1 9 (5% of £5 721/15/8)	254	10		254	10	-
31	Profit and Loss Account To Bad Debts Transfer of balance	254	10		254	10	-
		£745	3	2	£745	3	2

EXERCISE IV—No. 10 (contd.).

PROFIT AND LOSS ACCOUNT
(FIRST METHOD)
(Dr Side)

19		£	s	d
	To Bad Debts	236	3	2
	.. Provision for Bad and Doubtful Debts.	18	6	10
		£254	10	-

PROFIT AND LOSS ACCOUNT
(SECOND METHOD)
(Dr Side)

19..		£	s	d.
	To Bad Debts	254	10	-

BALANCE SHEET
ASSETS

	£	s	d	£	s	d
Sundry Debtors	5 721	15	8			
Less Bad Debts Reserve	286	1	9	5,435	13	11

EXERCISE IV—No. 11.

JOURNAL
(FIRST METHOD)

19 . Dec 31		£	s	d	£	s	d.
	Profit and Loss Account	164	8	10	164	8	10
	To Discounts Allowed						
	Transfer of balance						
" 31	Provision for Discount Reserve on Debtors To Discount Reserve on Debtors 5% of (£3,895/14/11 - £194/15/9) = £185/1/- Less Old Reserve £156/16/6	28	4	6	28	4	6
" 31	Profit and Loss Account To Provision for Discount Res on Drs Transfer of balance	28	4	6	28	4	6
		£220	17	10	£220	17	10

JOURNAL

(SECOND METHOD)

		£	s	d	£	s	d
19							
Dec 31	Discount Reserve on Debtors . . .	164	8	10			
	To Discounts Allowed . . .				164	8	10
	Transfer of balance						
" 31	Discounts Allowed Account	192	13	4			
	To Discount Reserve on Debtors				192	13	4
	Amount required to raise reserve from debit of £7/12/4 to credit of £185/1/ (5% of £3 700/19/2 less £3 895/14/11 less Bad Debts Reserve of 5% i.e. £194/15/9)						
" 31	Profit and Loss Account	192	13	4			
	To Discounts Allowed . . .				192	13	4
	Transfer of balance						
		£549	15	6	£549	15	6

PROFIT AND LOSS ACCOUNT

(FIRST METHOD)

(Dr Side)

		£	s	d	£	s	d
19							
	To Discounts Allowed . . .				164	8	10
	Reserve for Discount on Debtors	185	1	—			
	Less Old Reserve . . .	156	16	6			
					28	4	6
					£192	13	4

PROFIT AND LOSS ACCOUNT

(SECOND METHOD)

(Dr Side)

		£	s	d
19				
	To Discounts Allowed	192	13	4

BALANCE SHEET

ASSETS

		£	s	d	£	s	d
Sundry Debtors . . .		3 895	14	11			
Less Bad Debts Reserve . . .	£194 15 9						
Discount Reserve . . .	185 1						
		379	16	9			
					3 515	18	2

TRADING ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 19 .

Dr

Cr

	£	s	d	£	s	d
To Stock, 1st July	2 741	-	-	By Sales	16,123	-
" Purchases	8 403	-	-	Less Returns Inwards	330	-
" Carriage	394	-	-			
" Wages	1,404	-	-	" Stock, 31st Dec	15 793	-
" Balance, Gross Profit c/d	6 126	-	-		3,275	-
	£ 19,068	-	-		£ 19,068	-

Dr

Cr

PROFIT AND LOSS ACCOUNT FOR HALF YEAR ENDED 31ST DECEMBER 19 .

	£	s	d	£	s	d
To Discounts Allowed	938	-	-	By Trading Account	6,126	-
" Rent Rates and Taxes	106	-	-	Discounts Received	390	-
" Advertising	463	-	-	" Royalties	40	-
" Traveller's Salary	431	-	-			
" Bad Debts	101	-	-			
" Repairs	84	-	-			
" General Expenses	502	-	-			
" Interest on Loans	124	-	-			
" Depreciation—						
Buildings	23	-	-			
Plant	155	-	-			
" Bal. Net Profit to Capital A/c—	178	-	-			
CG ($\frac{1}{4}$ share)	2 268	2	6			
SG ($\frac{1}{4}$ share)	1 360	17	6			
	3 629	-	-			
	£ 6 556	-	-		£ 6 556	-

EXERCISE IV--No 12 (cont'd)

X Y Z & CO

BALANCE SHEET AS AT 31st DECEMBER 19.

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Loans on Mortgage				4 500			Petty Cash in hand				2 643		
Sundry Creditors				1 970			Cash at Bankers				152		
Reserve Account (Patent Royalties)				500			Bills Receivable				5 72		
Capital Accounts—							Sundry Debtors				£ 440		
CG Balance 1st July	6 110						Less Bad Debts, Reserve				197		
Add Share of Profit	2 268	2	6				Discount Reserve				737		
	8 378	2	6										
Less Drawings	1 200			7 178	2	6	Stock				4 535		
	2 952						Patent Rights				3 275		
SG Balance 1st July	1 360	17	6				Plant and Machinery				50		
Add Share of Profit	4 312	17	6				Buildings				2 672		
	720										1 354		
Less Drawings				3 592	17	6							
				17 741							17 741		

EXERCISE IV—No. 13.

STATEMENT SHOWING NET SALES FOR THE YEAR

	£	s.	d.
Sundry Debtors, 1st January	1,537	5	10
Add Cash and Credit Sales	5,731	6	3
	7,268	12	1
Balance (incl. £37 10s bad debts)	1,770	6	6
	<u>£5,498</u>	<u>5</u>	<u>7</u>

EXERCISE IV—No. 14.

TRIAL BALANCE

	£	s.	d.	£	s.	d.
(a) Sales (undercast)				10	-	-
(b) Discount allowed (unposted)		15	3			
(c) Discount allowed (posted to wrong side of account)	14	9	6			
(d) Customers Account (posted 10s short)		10	-			
(e) Credit balance on Customers Account (overlooked)				2	5	-
	15	14	9	12	5	-
DIFFERENCE IN BOOKS					3	9
	<u>£15</u>	<u>14</u>	<u>9</u>	<u>£15</u>	<u>14</u>	<u>9</u>



D_{eff}

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1935			
Dr			
stock, 1st January 1935	£		£

[illegible]

EXERCISE IV—No 15 (cont'd)

BALANCE SHEET OF BAINES AND BENSON AS AT 31st DECEMBER 1935

LIABILITIES AND CAPITAL	£		£	ASSETS	£	£
	Baines	Benson				
Sundry Creditors . . .			472	Cash at Bank . . .		168
Advertising owing . . .			20	Sundry Debtors . . .	1,800	
Audit Fees owing . . .			25	Less Reserve for Bad Debts . . .	90	
			45			1,710
						1,909
Capital Accounts 1st January 1935				Stock-in-Trade . . .	200	
Add Interest on Capital	1,500	3,000		Fixtures and Fittings . . .	10	
Add Salaries . . .	75	150		Less Depreciation at 5 per cent per annum . . .		190
Add Shares of Profit . . .	200	100		Plant and Machinery . . .	1,000	
	70	105		Less Depreciation at 10 per cent per annum . . .	100	
				Rates prepaid . . .		900
Less Drawings . . .	1,845	3,355				40
	445	355				
	£1,400	£3,000	4,400			
			£4,917			£4,917

EXERCISE V—No 1

Dr				LEASE ACCOUNT				Cr			
Year 1	To Cash	£	440	s	d	Year 1	By Depreciat on Balance c/d	£	110	s	d
									330		
Year 2	To Balance b/d	£	440			Year 2	By Depreciat on Balance c/d	£	440		
			330						110		
Year 3	To Balance b/d	£	330			Year 3	By Depreciat on Balance c/d	£	330		
			220						10		
Year 4	To Balance b/d	£	220			Year 4	By Depreciat on	£	20		
			£110						110		
									£110		

EXERCISE V—No 2

Dr				MACHINERY ACCOUNT				Cr			
Year 1	To Cash	£	3000	s	d	Year 1	By Depreciat on Balance c/d	£	750	s	d
									2250		
Year 2	To Balance b/d	£	3000			Year 2	By Depreciat on Balance c/d	£	3000		
			2250						587	10	
Year 3	To Balance b/d	£	2250			Year 3	By Depreciat on Balance c/d	£	2250		
			1687	10					421	17	6
Year 4	To Balance b/d	£	1687	10		Year 4	By Depreciat on Balance c/d	£	1687	10	
			1265	12	6				316	8	1
Year 5	To Balance b/d	£	1265	12	6	Year 5	By Depreciat on Balance c/d	£	1265	12	6
			949	4	5				237	6	1
Year 6	To Balance b/d	£	949	4	5	Year 6	By Depreciat on (Addns ment of 1s 3d) Balance c/d	£	949	4	5
			711	18	4				177	18	4
Year 7	To Balance b/d	£	711	18	4				534		
			534						£711	18	4

Rate of Depreciation—25 per cent off DIMINISHING VALUE

EXERCISE V No 3

MACHINERY ACCOUNT

<i>Dr</i>				<i>Cr.</i>			
(FIRST METHOD)							
Year 1	To Cash . . .	£ 3,000	s - d -	Year 1	By Depreciation (10% of £3,000)	£ 300	s - d -
					„ Balance c/d . .	2,700	- - -
		£3,000	- - -			£3,000	- - -
Year 2	To Balance b/d	2,700	- - -	Year 2	By Depreciation (10% of £2,700)	270	- - -
	„ Cash (June)	250	- - -		„ Balance c/d	2,680	- - -
		£2,950	- - -			£2,950	- - -
Year 3	To Balance b/d . .	2,680	- - -	Year 3	By Depreciation (10% of £2,680)	268	- - -
	„ Cash (March)	320	- - -		„ Balance c/d	2,732	- - -
		£3,000	- - -			£3,000	- - -
	To Balance b/d	2,732	- - -				

(SECOND METHOD)

Year 1	To Cash	£ 3,000	s - d -	Year 1	By Depreciation (10% of £3,000)	£ 300	s - d -
					„ Balance c/d	2,700	- - -
		£3,000	- - -			£3,000	- - -
Year 2	To Balance b/d	2,700	- - -	Year 2	By Depreciation (10% of £2,950)	295	- - -
	„ Cash (June)	250	- - -		„ Balance c/d	2,655	- - -
		£2,950	- - -			£2,950	- - -
Year 3	To Balance b/d . .	2,655	- - -	Year 3	By Depreciation (10% of £2,975)	297 10	- - -
	„ Cash (March)	320	- - -		„ Balance c/d . .	2,677 10	- - -
		£2,975	- - -			£2,975	- - -
	To Balance b/d	2,677 10	- - -				

EXERCISE V—No 3 (contd)

MACHINERY ACCOUNT
(THIRD METHOD)

Dr				Cr			
Year 1	To Cash	£	s d	Year 1	By Depreciation (10% of £3 000)	£	s d
		3 000			Balance c/d	300	
						2 700	
Year 2	To Balance b/d Cash (June)	3 000		Year 2	By Depreciation 10% of £2 700 £270 2% of £250 £12½	3 000	
		70	2s0		Balance c/d	280	10
						2 667	10
Year 3	To Balance b/d Cash (March)	290		Year 3	By Depreciation 10% of £2 667½ 7½% of £300	2 950	
		2 667	10s		Balance c/d	266	10
		320				24	15
						2 696	15
	To Balance b/d	2 987	10s			2 987	10s
		2 696	10s				

EXERCISE V—No 4

LEASE ACCOUNT

Dr				Cr			
Year 1	To Cash Interest	£	s d	Year 1	By Depreciation Balance c/d	£	s d
		2 000				345	12 9
		100				1 754	7 3
		2 100		Year 2	By Depreciation Balance c/d	2 100	
Year 2	To Balance b/d Interest	1 754	7 3			345	12 9
		87	14 5			1 498	8 11
		1 842	1 8	Year 3	By Depreciation Balance c/d	1 842	1 8
Year 3	To Balance b/d Interest	1 498	8 11			345	12 9
		74	16 2			1 225	12 7
		1 571	5 4	Year 4	By Depreciation Balance c/d	1 571	5 4
Year 4	To Balance b/d Interest	1 225	12 7			345	12 9
		61	5 7			941	5 5
		1 286	18 2	Year 5	By Depreciation Balance c/d	1 286	18 2
Year 5	To Balance b/d Interest	941	5 5			345	12 9
		47	1 3			642	13 11
		988	6 8	Year 6	By Depreciation Balance c/d	988	6 8
Year 6	To Balance b/d Interest	642	13 11			345	12 9
		32	2 7			379	5 9
		674	16 6	Year 7	By Depreciation (Adjustment of 4d)	674	16 6
Year 7	To Balance b/d Interest	379	5 9			345	13 1
		16	8 4				
		345	13 1				

EXERCISE V- No 5

Dr		LEASE ACCOUNT				Cr	
Year 1 Jan 1	To Cash	£	2 000	s	0	d	0
Year 2 Dec 31		By Depreciation Fund A/c	£	2 000	s	0	0

Dr		DEPRECIATION FUND ACCOUNT				Cr	
Year 1 Dec 31	To Balance c/d	£	245	s	12	d	9
Year 2 Dec 31	To Balance c/d	£	403	s	11	d	2
Year 3 Dec 31	To Balance c/d	£	774	s	7	d	6
Year 4 Dec 31	To Balance c/d	£	1 058	s	14	d	8
Year 5 Dec 31	To Balance c/d	£	1 337	s	6	d	2
Year 6 Dec 31	To Balance c/d	£	1 670	s	16	d	3
Year 7 Dec 31	To Balance c/d (Amount to transfer to LEASE A/c)	£	2 000	s	-	d	-
Year 1 Dec 31	By Profit and Loss	£	245	s	12	d	9
Year 2 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	245	s	12	d	9
Year 3 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	403	s	11	d	2
Year 4 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	503	s	11	d	2
Year 5 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	774	s	7	d	6
Year 6 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	1 058	s	14	d	8
Year 7 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss (Adjustment of 2d)	£	1 337	s	6	d	2
Year 8 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	1 670	s	16	d	3
Year 9 Jan 1 Dec 31	By Balance b/d Cash (Interest) Profit and Loss	£	2 000	s	-	d	-

EXERCISE V—No 5 (cont.)

Dr DEPRECIATION FUND INVESTMENT ACCOUNT Cr

Year 1 Dec 31	To Cash	£	s	d	Year 1 Dec 31	By Balance c/d	£	s	d
		245	12	9			245	12	9
Year 2 Jan 1	To Balance b/d	245	12	9	Year 2 Dec 31	By Balance c/d	503	11	2
	Cash (Instalment and Interest)	257	18	5			503	11	2
		£503	11	2			£503	11	2
Year 3 Jan 1	To Balance b/d	503	11	2	Year 3 Dec 31	By Balance c/d	774	7	6
	Cash	270	16	4			774	7	6
		£774	7	6			£774	7	6
Year 4 Jan 1	To Balance b/d	774	7	6	Year 4 Dec 31	By Balance c/d	1058	14	8
	Cash	284	1	2			1058	14	8
		£1058	14	8			£1058	14	8
Year 5 Jan 1	To Balance b/d	1058	14	8	Year 5 Dec 31	By Balance c/d	1357	6	2
	Cash	298	11	6			1357	6	2
		£1357	6	2			£1357	6	2
Year 6 Jan 1	To Balance b/d	1357	6	2	Year 6 Dec 31	By Balance c/d	1670	16	3
	Cash	313	10	1			1670	16	3
		£1670	16	3			£1670	16	3
Year 7 Jan 1	To Balance b/d	1670	16	3	Year 7 Dec 31	By Cash (Proceeds of realisation of investments)	2000		
	Cash	379	3	9			2000		
		£2000					£2000		

Dr

CASH ACCOUNT

Cr

CASH ACCOUNT									
		Bank					Cr		
		£	s	d			£	s	d
Year 2	To Depreciation Fund A/c (Interest on first year's investment)	12	5	8	Year 1	By Depreciation Fund Investment A/c			
					Year 2	Depreciation Fund Investment A/c (Investment of cash equal to second year's instalment plus interest on first year's instalment)	257	18	5

And similar entries for later years

And similar entries for later years

- EXERCISE V—Nos. {
6. The correct procedure is explained on pages 140 and 141 of *Advanced Accounts*
 7. The answer to this question is in Answers at end of *Advanced Accounts*
 8. The answer to this question is in Answers at end of *Advanced Accounts*.

EXERCISE V—No. 9

Dr REPAIRS AND RENEWALS RESERVE ACCOUNT Cr.

		£	s	d			£	s	d
Year 1	To Balance c/d	200	-	-	Year 1	By Profit and Loss	200	-	-
Year 2	To Repairs A/c	159	17	9	Year 2	By Balance b/d	200	-	-
	Balance c/d	40	2	3			£200	-	-
		£200	-	-					
Year 3	To Repairs	125	14	6	Year 3	By Balance b/d	40	2	3
	Balance c/d	114	7	9		Profit and Loss	200	-	-
		£240	2	3			£240	2	3
Year 4	To Repairs	269	15	3	Year 4	By Balance b/d	114	7	9
	Balance c/d	44	12	6		Profit and Loss	200	-	-
		£314	7	9			£314	7	9
Year 5	To Repairs	225	16	11	Year 5	By Balance b/d	44	12	6
	Balance c/d	18	15	7		Profit and Loss	200	-	-
		£244	12	6			£244	12	6
					Year 6	By Balance b/d	18	15	7

Dr

REPAIRS ACCOUNT

Cr

		£	s	d			£	s	d
Year 2	To Cash	159	17	9	Year 2	By Reps & Renew. Res.	159	17	9
Year 3	To Cash	£125	14	6	Year 3	By Reps. & Renew. Res.	£125	14	6
Year 4	To Cash	£269	15	3	Year 4	By Reps. & Renew. Res.	£269	15	3
Year 5	To Cash	£225	16	11	Year 5	By Reps. & Renew. Res.	£225	16	11

EXERCISE V—No 9 (contd)

JOURNAL ENTRIES

Year		£	s	d	£	s	d
1	Profit and Loss A/c To Repairs and Renewals Res A/c	200	-	-	200	-	-
" 2	Repairs and Renewals Reserve A/c To Repairs	159	17	9	159	17	9
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	-	-	200	-	-
" 3	Repairs and Renewals Reserve A/c To Repairs	125	14	6	125	14	6
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	-	-	200	-	-
" 4	Repairs and Renewals Reserve A/c To Repairs	269	15	3	269	15	3
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	-	-	200	-	-
" 5	Repairs and Renewals Reserve A/c To Repairs	225	16	11	225	16	11
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	-	-	200	-	-
		£1 781	4	5	£1 781	4	5

BALANCE SHEET (AT END OF YEAR)

LIABILITIES		£	s	d
Year 1	Repairs and Renewals Reserve Account .	200	-	-
" 2	Repairs and Renewals Reserve Account .	£40	2	3
" 3	Repairs and Renewals Reserve Account .	£114	7	9
" 4	Repairs and Renewals Reserve Account .	£44	12	6
" 5	Repairs and Renewals Reserve Account .	£18	15	7

EXERCISE V -No. 10

The principal reason for Compound Interest being taken into consideration is on account of the expense of upkeep in the earlier years, being small in comparison with the charges for dilapidations that arise during later years.

EXERCISE V—No. 11

Dr					SINKING FUND ACCOUNT					Cr				
Year 1	To Balance c/d	£	188	8	Year 1	By Profit & Loss	£	188	8					
Year 2	To Balance c/d	332	4	5	Year 2	By Balance b/d	188	400	188					
						Interest	5	6	3					
						Profit & Loss	188 <td>400<td>188</td></td>	400 <td>188</td>	188					
		£	332	4			£	332	4					
Year 3	To Balance c/d	582	3	6	Year 3	By Balance b/d	332	4	5					
						Interest	11	4	7					
						Profit & Loss	188 <td>400<td>188</td></td>	400 <td>188</td>	188					
		£	582 <td>3</td> <td></td> <td></td> <td>£</td> <td>582<td>3</td></td>	3			£	582 <td>3</td>	3					
Year 4	To Balance c/d	788	1	9	Year 4	By Balance b/d	582	3	2					
						Interest	17	4	7					
						Profit & Loss	188 <td>400<td>188</td></td>	400 <td>188</td>	188					
		£	788 <td>1</td> <td></td> <td></td> <td>£</td> <td>788<td>1</td></td>	1			£	788 <td>1</td>	1					
Year 5	To Amount transferred to Lease A/c	1 000	0	0 <th>Year 5</th> <th>By Balance b/d</th> <td>788<td>1<td>9</td></td></td>	Year 5	By Balance b/d	788 <td>1<td>9</td></td>	1 <td>9</td>	9					
						Interest	23	6	4					
						Profit & Loss	188 <td>1<td>9</td></td>	1 <td>9</td>	9					
		£	1 000	0			£	1 000	0					

Dr		SINKING FUND INVESTMENT ACCOUNT					Cr				
Year 1	To Cash	£ 188 400	£ 188	8	-	Year 1	By Balance c/d	£ 188 400	£ 188	8	-
Year 2	To Balance b/d	188 400	188	8	-	Year 2	By Balance c/d	332 452	332	9	-
	Cash (a)	194 052	194	3	-						
		£ 332 452	£ 332	9	-			£ 332 452	£ 332	9	-
Year 3	To Balance b/d	332 452	332	9	-	Year 3	By Balance c/d	582 326	582	6	0
	Cash	193 874	193	37	6						
		£ 582 326	£ 582	6	6			£ 582 326	£ 582	6	6
Year 4	To Balance b/d	582 326	582	6	6	Year 4	By Balance c/d	788 196	788	3	11
	Cash	205 870	205	37	5						
		£ 788 196	£ 788	3	11			£ 788 196	£ 788	3	11
Year 5	To Balance b/d	788 196	788	3	11	Year 5	By Cash	1 000 000	1,000	-	-
	Cash	211 804	211	16	1		(Proceeds of realisation of investments)				
		£ 1 000 000	£ 1 000	-	-			£ 1 000 000	£ 1 000	-	-

(a) The sum includes interest on first year's investment

Note—The question requests that the "Accounts" be raised for 3 years. It has been thought an advantage to teachers to show the complete workings, with the alternative workings in parallel columns.

EXERCISE V—No 11 (contd)

Dr		INTEREST ACCOUNT			Cr				
Year 2	To Sinking Fund A/c	£	s	d	Year 2	By Cash	£	s	d
Year 3	To Sinking Fund A/c	£11	9	6	Year 3	By Cash	£11	9	6
Year 4	To Sinking Fund A/c	£17	9	3	Year 4	By Cash	£17	9	3
Year 5	To Sinking Fund A/c	£23	1	11	Year 5	By Cash	£23	1	11

EXERCISE V—No 12

See Indian ed Accounts pages 152 and 153 (under Secret Reserves)

EXERCISE V No 13

Dr				OLD PLANT ACCOUNT				Cr			
19		£	s	d	19		£	s	d		
	To Balance	5	400			By Depreciat on Fund A/c	1	000			
						A B & Co	500				
						Cash	1	200			
						Profit and Loss	2	600			
		£5	400				£5	400			

Dr		NEW PLANT ACCOUNT				Cr	
19	To A B & Co	£	8	800			

Dr		A B & CO			Cr				
19	To Old Plant Balance c/d	£	s	d	19	By New Plant	£	s	d
		500					800		
		800					800		
						By Balance b/d	800		

Dr		DEPRECIATION FUND ACCOUNT				Cr					
19	To Old Plant A/c	£	1000	s	d	19	By Balance	£	1000	s	d

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19	To Old Plant	£	2	600	s		

EXERCISE V—No. 14.

See *Advanced Accounts*, pages 140 and 141 (under "Insurance Policy System")

EXERCISE V—No. 15

PLANT ACCOUNT

Dr.

(Depreciation at 5% on original cost)

Cr.

1930		£	s.	d.	1930		£	s.	d.
Jan. 1	To Purchases	2,000	-	-	Dec. 31	By Depreciation	100	-	-
					" 31	" Balance c/d	1,900	-	-
		<u>2,000</u>	-	-			<u>2,000</u>	-	-
1931		£	s.	d.	1931		£	s.	d.
Jan. 1	To Balance b/d	1,900	-	-	Dec. 31	By Sales	100	-	-
July 1	" Purchases	100	-	-	" 31	" Loss on Sales	110	-	-
					" 31	" Depreciation—			
					" 31	" 2,000 for 12 mos.	100	-	-
					" 31	" 100 for 6 mos.	10	-	-
					" 31	" Balance c/d	1,920	-	-
		<u>2,000</u>	-	-			<u>2,000</u>	-	-
1932		£	s.	d.	1932		£	s.	d.
Jan. 1	To Balance b/d	1,920	-	-	Dec. 31	By Depreciation—			
Apr. 1	" Purchases	280	-	-	" 31	" 100 for 12 mos.	100	-	-
					" 31	" 100 for 9 mos.	10	-	-
					" 31	" Balance c/d	2,084	-	-
		<u>2,200</u>	-	-			<u>2,200</u>	-	-
1933		£	s.	d.	1933		£	s.	d.
Jan. 1	To Balance b/d	2,084	-	-	Oct. 1	By Sales	70	-	-
					Dec. 31	" Loss on Sales	30	-	-
					" 31	" Depreciation—			
					" 31	" 2,200 for 12 mos.	110	-	-
					" 31	" 120 for 6 mos.	4	-	-
					" 31	" Balance c/d	1,937	-	-
		<u>2,084</u>	-	-			<u>2,084</u>	-	-
1934		£	s.	d.	1934		£	s.	d.
Jan. 1	To Balance b/d	1,937	-	-	Dec. 31	By Depreciation—			
					" 31	" 2,000 for 12 mos.	110	-	-
					" 31	" Balance c/d	1,747	-	-
		<u>1,937</u>	-	-			<u>1,860</u>	-	-
1935		£	s.	d.			£	s.	d.
Jan. 1	To Balance b/d	1,747	-	-					

EXERCISE V No 15 (contd)

PLANT ACCOUNT

Dr (D depreciat on at 7½% on diminishing value)

Cr

		£	s d			£	s d
1930				1930			
Jan 1	To Purchases	2 600		Dec 31	By Depreciation 7½% of £2 000	150	
				31	Balance c/d	1 850	
		£2 000				£2 000	
1931				1931			
Jan 1	To Balance b/d	1 850		Dec 31	By Sales	160	
July 1	Purchases	400		3	Loss on Sales	96	13 10
				31	Depreciat on— £1 850 for 12 mos	138	12
				31	£400 for 6 mos	15	
		£2 250		31	Balance c/d	1 839	11 2
						£2 250	
1932				1932			
Jan 1	To Balance b/d	1 839	11 2	Dec 31	By Depreciat on— £1 839/12 for 12 m	137	19 4
Apr 1	Purchases	280		31	£280 for 9 mos	15	15
					Balance c/d	1 985	16 10
		£2 119	11 2			£2 119	11 2
1933				1933			
Jan 1	To Balance b/d	1 985	16 10	Oct 1	By Sale	70	
				Dec 31	Loss on Sale	30	16 6
				31	Depreciat on— £1 965/16 10 for 9 m	110	11 6
					£1 850/4 for 3 mos	34	19 4
		£1 965	16 10		Balance c/d	1 719	9 6
						£1 965	16 10
1934				1934			
Jan 1	To Balance b/d	1 719	9 6	Dec 31	By Depreciat on— £1 719 9/6 for 12 m	128	19 2
				31	Balance c/d	1 590	10 4
		£1 719	9 6			£1 719	9 6
1935							
Jan 1	To Balance b/d	1 590	10 4				

EXERCISE V—No 16

See *Advanced Accounts* pages 125 (under 'Fixed Instalment Method'), 131 (under 'Annuity System'), 133 (under 'Depreciation Fund Principle'), and 140 (under 'Insurance Policy System')

EXERCISE V—No 17

See *Advanced Accounts* page 140 (under 'Insurance Policy System') and onwards

EXERCISE V—No 18

Dr DEBENTURE RESERVE FUND ACCOUNT Cr			
19 June 30	To Capital Reserve A/c	£ 30 000	s - d -
19 June 30	By Balance	£ 30 000	s - d -

Dr DEBENTURES REDEEMED ACCOUNT Cr			
19 June 30	To Cash	£ 50 000	s - d -
19 June 30	By Debentures	£ 50 000	s - d -

Dr DEBENTURES ACCOUNT Cr			
19 June 30	To Debentures Redeemed Account	£ 30 000	s - d -
19 June 1	By Debenture Holders	£ 50 000	s - d -

Dr INVESTMENTS ACCOUNT (2½% Consols) Cr			
19 June 30	To Balance	£ 59 000	s - d -
19 June 30	By Cash	£ 48 970	s - d -
" 30	" Profit and Loss	10 030	s - d -
		£ 59 000	s - d -

mis done by
transferring
to P & L

EXERCISE V—No. 19 (contd.)

Dr. INVESTMENT REDEMPTION FUND ACCOUNT Cr.

				19 .	By Appropriation A/c	£	s	d
						250	-	-

APPROPRIATION ACCOUNT

(DEBIT SIDE)

CASH BOOK

(CREDIT SIDE)

Bank

19	To Investment Redem- tion Fund A/c	£	s	d	19	By Investment A/c (For insurance pre- mium paid)	£	s	d
		250	-	-			250	-	-

EXERCISE V—No. 20

See *Advanced Accounts*, page 151 (under 'Marine Insurance Fund').

EXERCISE V—No. 21

See *Advanced Accounts* page 150

EXERCISE V—No. 22.

See *Answers* at end of *Advanced Accounts*

EXERCISE V—No. 23

See *Advanced Accounts* pages 124 to 131 (inclusive)

- EXERCISE V—Nos
- 24 See *Answers* at end of *Advanced Accounts*
 - 25 The definitions are given and differentiated on page 150 onwards of *Advanced Accounts*
 - 26 See *Advanced Accounts*, pages 124 to 131 (inclusive) and 150 and 151
 - 27 See *Answers* at end of *Advanced Accounts*
 - 28 (a) See *Advanced Accounts* page 127 (under "Diminishing Balance Method")
 - (b) See *Advanced Accounts*, pages 131 to 133 (at foot of page, under Annuity Method")

EXERCISE V—No. 29

JOURNAL

19..	Appropriation Account	.	.	Dr.	£	s	d	£	s	d
	To Reserve Fund	.	.		1,275	-	-	1,275	-	-
					£1,275	-	-	£1,275	-	-

EXERCISE V—No 29 (contd)

INVESTMENTS ACCOUNT

Dr

(£1 500 @ 85)

Cr

19	To Cash	£	s	d					
		1	27s						

RESERVE FUND ACCOUNT

Dr

Cr

					19	By Appropriation A/c	£	s	d
							1	27s	

CASH ACCOUNT

Dr

Cr

		Bank				Bank			
19	To Balance	£	s	d	19	By Investments (£1 500 @ 85) Balance c/d	£	s	d
		6	000				1	27s	
							4	72s	
		£6 000					£6 000		
	To Balance b/d	4	72s						

APPROPRIATION ACCOUNT

Dr

Cr

19	To Reserve Fund " Bal. to Balance Sheet	£	s	d	19	By Balance	£	s	d
		1	27s				2	500	
		1,27s							
		£2 500					£2 500		

EXERCISE VI—No 1 (contd)

JOURNAL ENTRIES

		£	s	d	£	s	d
(1)	Bills Receivable To R Red	30			30		
(2)	Francis & Co To Bills Payable	200			200		
(3)	Blue & Co To Bills Payable	95			95		
(4)	Purchases Account To Sharp & Co	150			150		
	Sharp & Co To Bills Payable	150			142	10	
	Discount				7	10	
(5)	Ridler & Son To Bills Payable	90			90		
(6)	Bills Receivable To S Straker ✓	120			120		
(8)	Bills Receivable To M Monk	120			120		
(9)	Bills Receivable Discount	190			200		
	To Green & Co	10					
(11)	Bills Receivable To J Rowell	420			420		
	M Goodman To Bills Receivable	420			420		
(13)	B Blunt To Sales	120			120		
	Bills Receivable Discount	117					
	To B Blunt	3			120		
(14)	York & Sons To Sales	150			150		
	Bills Payable To York & Sons	150			150		
(18)	Dark & Co	300			285		
	To Bills Payable				15		
	" Discount						
		£2835			£2835		

EXERCISE VI—No. 1 (19)

(a) An example of a bill of exchange which is a "negotiable instrument" is as shown on page 159 of *Advanced Accounts*. The accounts necessary to adequately record the transactions it involves are detailed below.

		(1) In J Rowell's Books		LEDGER	
		JOURNAL		Accounts will be raised for—	
19.	Jan 17	Bills Receivable	Dr £250	Bills Receivable.	
		To M Goodman	Cr £250	M Goodman	
	" 17	M Bressloff	Dr £250	M Bressloff	
		To Bills Receivable	Cr £250		
		(2) In M Goodman's Books		LEDGER	
		JOURNAL		Accounts will be raised for—	
19.	Jan 17	J Rowell	Dr £250	Bills Payable:	
		To Bills Payable	Cr £250	J Rowell	
		(3) In M Bressloff's Books		LEDGER	
		JOURNAL		Accounts will be raised for—	
19.	Jan 17	Bills Receivable	Dr £250	Bills Receivable:	
		To J Rowell	Cr £250	J Rowell	

(b) In the Drawer's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr		
		£	s	d	By K	£	s	d
						100	-	-

Dr		B				Cr		
		£	s	d		£	s	d
To K		100	-	-				
" K (for Noting Charges)			7	6				

Dr		K				Cr		
		£	s	d		£	s	d
To Bills Receivable		100	-	-	By B	100	-	-
					" B (for Noting Charges)		7	6

In K's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr		
		£	s	d		£	s	d
To Drawer		100	-	-	By Drawer	100	-	-

EXERCISE VI—No 1 (19) (contd.)

Dr	DRAWER'S ACCOUNT						Cr
To Bills Receivable	£	s	d	By Bills Receivable	£	s	d
Noting Charges	100	7	6		100	-	

Dr	NOTING CHARGES ACCOUNT						Cr
	£	s	d	By Drawer	£	s	d
						7	6

(c) B's JOURNAL

		£	s	d	£	s	d
(1)	The bill still in the hands of the drawer						
	F Dr	100	-				
	To Bills Receivable Cr				100	-	
	Cancellation of bill						
(2)	The bill has been previously endorsed over to a creditor						
	F Dr	100	-	-			
	To A Creditor Cr				100	-	-
	For dishonour of F's acceptance						

B's CASH BOOK (CREDIT SIDE)

		£	s	d	£	s	d
(3)	The bill has since been discounted with the banker						
	By F (Dishonoured Bill)	100	-				

EXERCISE VI—No 2

JOURNAL ENTRIES

		£	s	d	£	s	d
(1)	Blue & Black	200	-	-			
	To Bills Receivable				200	-	-
	Bills Receivable	202	13	-			
	To Blue & Black				202	13	-
	Blue & Black	2	13	-			
	To Interest				2	10	-
	For charge of Interest of 5% on £200 for 3 months						
	To Bill Stamp					3	-

EXERCISE VI—No. 2 (contd)

JOURNAL ENTRIES (contd)

		£	s	d	£	s	d
(3)	Wilson & Jones	420	-	-	420	-	-
	To Bills Receivable						
	Bills Receivable	301	9	-	301	9	-
	To Wilson & Jones						
	Wilson & Jones	1	9	-	1	5	-
	To Interest						
	For charge of Interest of 5% on £300 for 1 month To Bill Stamp					4	-
(4)	L. Lamb	460	5	6	460	5	6
	To Charles & Son						
(5)	Bills Payable	630	-	-	630	-	-
	To Brockwell & Haigh						
	Brockwell & Haigh	402	18	4	402	18	4
	To Bills Payable						
	Bill Stamp		5	-			
	Interest	2	13	4			
	(4% of £400 for 2 months) To Brockwell & Haigh				2	18	4
(6)	Bills Payable	300	-	-	300	-	-
	To Locke & Co						
	Locke & Co	303	14	-	303	14	-
	To Bills Payable						
	Bill Stamp		4	-			
	Interest	3	10	-			
	(For charge of Interest of 3½% on £300 for 4 months) To Locke & Co				3	14	-
(7)	Bills Payable	345	-	-			
	Noting Charges		10	8	345	10	8
	To Dawson Bros						
(9)	Bills Receivable	1,033	-	9	1,033	-	9
	To Frame & Co						
	Frame & Co	26	18	6	26	7	6
	To Interest						
	(For charge of Interest of 6% on £1,055 for 5 months) To Bill Stamp					11	-
		£ 4 687	4	1	4 687	4	1

EXERCISE VI—No 2 (contd)

CASH BOOK

(Debit side)

Bank

		£	s	d
(3)	To Wilson & Jones	120		—
(3)	Bills Receivable	901	9	
(9)		1 083	—	9

CASH BOOK

(Credit side)

Bank

		£	s	d
(2)	By G. Culliver (d. honoured bill etc.)	450	5	
(4)	Charles & Son	460	5	6
(5)	Brockwell & Haigh	230	—	
(7)	Dawson Bros	345	10	8
(8)	Needham & Co. (dishonoured bill etc.)	425	7	6
(9)	Frame & Co. (d. honoured bill etc.)	1 058	2	3

EXERCISE VI—No 3 (a)

S SILVERMAN'S LEDGER

Dr

G. GOLDSTEIN

Cr

		£	s	d			£	s	d
19 Jan 1	To Bills Payable	125			19 Apr 4	By Cash	125		

Dr

BILLS PAYABLE ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By G. Goldstein	125		

Dr

BANK ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To G. Goldstein	125			19 Apr 4	By Bills Payable	125		

G. GOLDSTEIN'S LEDGER

Dr

S SILVERMAN

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By Bills Receivable	125		

EXERCISE VI—No. 3 (a) (cont'd)

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.		
19		£	s	d	19		£	s	d	
Jan 1	To S Silverman	125	-	-	Jan. 1	By Bank	125	-	-	

Dr.		CASH BOOK (BANK ACCOUNT)						Cr.		
19 Jan 1	To Bills Receivable	£ 125	s -	d -	19 Jan 1 Apr 4	By Banker's Discount " S. Silverman	£ 125	s -	d 11 -	

Dr.		BANKERS' DISCOUNT ACCOUNT					Cr.	
19 Jan. 1	To Bank	£	s	d				
		1	1	11				

EXERCISE VI—No 3 (b)

P PATERSON'S LEDGER

Dr		I INGRAM						Cr.		
19 Mar 1	To Bills Payable .	£ 135	s -	d -	19 Mar 1	By Bills Receivable	£ 135	s -	d -	

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.	
19 Mar 1	To I Ingram	£	s	d	19 Mar 1	By Bank	£	s	d
		135	-	-			135	-	-

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Cash	£	s	d	19 Mar 1	By I Ingram	£	s	d
		135	-	-			135	-	-

Dr		BANKERS' DISCOUNT ACCOUNT										Cr		
19 Mar 1	To Bank	£	1	s	2	d	-							

Dr.		CASH BOOK (BANK ACCOUNT)						Cr.		
19 Mar 1	To Bills Receivable	£ 135	s -	d -	19 Mar 1 June 4	By Banker's Discount " Bills Payable	£ 1 135	s 2 -	d -	

EXERCISE VI—No 3 (b) (contd)

I INGRAM'S LEDGER

<i>Dr</i>		P PATERSON						<i>Cr</i>		
19 Mar 1	To Bills Payable	£ 135	s	d	19 Mar 1	By Bills Receivable	£ 135	s	d	

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT						<i>Cr</i>		
19 Mar 1	To P Paterson	£	s	d	19 Mar 1	By Bank	£	s	d	
		135					135			

<i>Dr</i>		BILLS PAYABLE ACCOUNT					<i>Cr</i>		
19 June 4	To Cash	£ 135	s	d	19 Mar 1	By P Paterson	£ 135	s	d

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT					<i>Cr</i>	
19 Ma 1	To Bank	£	s	d				
		1	7	-				

<i>Dr</i>		CASH BOOK (BANK ACCOUNT)				<i>Cr</i>					
19 Mar 1	To Bills Receivable	£	135	s	d	19 Mar 1 June 4	By Bankers Discount Bills Payable	£	1 135	s 7	d

EXERCISE VI No 3 (c)

H HOOKER'S LEDGER

<i>Dr</i>		E EVANS				<i>Cr</i>			
19 Feb 1	To Bils Payable	£ 115	s	d	19 Feb 1 May 4	By Cash Discount Cash	£ 56 57 115	s 19 10	d 3 9

<i>Dr</i>		BILLS PAYABLE ACCOUNT						<i>Cr</i>		
19 May 4	To Cash	£ 115	s	d	19 Feb 1	By E Evans	£ 115	s	d	

<i>Dr</i>		DISCOUNT ACCOUNT					<i>Cr</i>	
19 Feb 1	To E Evans	£	s	d				
			10	9				

EXERCISE VI—No 3 (c) (contd)

Dr		CASH BOOK (BANK ACCOUNT)					Cr		
19 Feb. 1	To E. Evans	£	s	d	19 May 4	By Bills Payable	£	s	d
May 4	" "	56	19	3			115	-	-
		57	10	-					

E. EVANS' LEDGER

Dr		H. HOOKER			Cr.				
19		£	s	d	19		£	s	d
Feb 1	To Cash	56	19	3	Feb 1	By Bills Receivable	115	-	-
1	" Banker's Discount	19	9	-					
May 4	" Cash	57	10	-					
		115	-	-			115	-	-

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Feb 1	To H. Hooker	£	s	d	19 Feb. 1	By Cash	£	s	d
		115	-	-			115	-	-

Dr		BANKERS' DISCOUNT ACCOUNT				Cr			
19 Feb 1	To Cash	£	s	d	19 Feb 1	By H. Hooker	£	s	d
		1	1	6			-	10	9

Dr		CASH BOOK (BANK ACCOUNT)				Cr			
19 Feb 1	To Bills Receivable	£	s	d	19 Feb 1	By Banker's Discount	£	s	d
		115	-	-	May 4	= H. Hooker	56	19	3
							57	10	-

EXERCISE VI—No 4 (a)

No. 1.

DUE DATE 26th April, 19..

LEEDS

669:8:11

23rd January, 19..

STAMP

7/-

Three months after date, pay to us or our order
Six hundred and sixty nine pounds, eight shillings
and eleven pence ⁶⁴received

To MESSRS. DARLOW & WALSH,
Bolton

EARLE & CREASY

EXERCISE VI No 4 (b)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 23	Darlow & Walsh To Bills Receivable Bill returned and withdrawn	659	14	8	659	14	8
	Darlow & Walsh To Interest For 5% Interest charged on £659/14/8 plus £1/8/11 for 3 months	8	5	4	8	5	4
	Darlow & Walsh To Bill Stamp and Expenses	1	8	11	1	8	11
	Bills Receivable To Darlow & Walsh Amount of NEW bill including interest and expenses	669	8	11	669	8	11
	Bills Receivable To Darlow & Walsh <i>Particulars of Securities—</i> DUE (1) H G Bourne & Co £209/11/6 Feb 14 (2) Neville & Co £173 4/9 26 (3) James Hordam £89/14/8 Mar 23 (4) George Blakey £62/16/- Apr 19 (5) Smith Wilks & Co £112/12/9 Apr 26	667	19	8	667	19	8
	Bank To Bills Receivable For all above bills discounted	667	19	8	667	19	8
Feb 23	Bank To Bills Receivable For renewed bill of Jan 23 discounted	669	8	11	669	8	11
Mar 25	Darlow & Walsh To Bank For Bill No 3 dishonoured including Noting Charges of 7- 6d	90	2	2	90	2	2
Apr 4	Bank To Darlow & Walsh For payment to bank of value of Bill No 3 (dishonoured)	90	2	2	90	2	2
26	Darlow & Walsh To Bank For dishonour of renewed bill of Jan 23 and of Bill No 3	782	1	8	782	1	8
		£ 4 306	12	1	£ 4 306	12	1

EXERCISE VI—No. 4 (c)

EARLE & CREASEY'S LEDGER

Dr		DARLOW & WALSH			Cr.	
19		£	s	d	19	
Jan. 23	To Bills Receivable	659	14	8	Jan. 23	By Bills Receivable
" 23	Interest	8	5	4	" 23	Bills Receivable
" 23	Bill Stamp and Expenses	1	8	11	" 23	(surrendered as securities)
Mar 23	" Bank	90	2	2	Apr 4	" Bank
Apr 26	" Bank (renewed Bill and Bill No 5)	782	1	8	" 26	" Balance a/d
		£	1,541	12	8	

EXERCISE VI—No. 5

JOURNAL ENTRIES

(A)	19 Oct	Bills Receivable To Rhodes	£ 105	-	-	£ 105	-	-
(B)	Dec 11	Hirst (bill broker) Discount To Bills Receivable	100 5	-	-	105	-	-
(C)	19 Apr	Rhodes To Hirst (bill broker)	105	-	-	105	-	-
			£315	-	-	£315	-	-

- (4) The bill will require a stamp duty of 2s.
The bill will be due for payment 4th of April, 19.,
(that is, 3 days beyond the period, or tenor of the bill)

EXERCISE VI—No. 6

JONES'S LEDGER

Dr		BROWN				Cr.	
19		£	s	d	19		
Jan. 1	To Cash .	296	5	-	Jan 1	By Bills Receivable	600
"	Discount	3	15	-	"	Cash	149
"	Bills Payable	300	-	-	"	Discount	1
Mar. 31	" " Receivable	600	-	-	"	Cash	112
					"	Bad Debts	337
		£ 1,200	-	-			£ 1,200

EXERCISE VI—No 7

Bills under Discount should be stated in the Balance Sheet as a contingent liability, and entered short as under—

<i>Contingent Liability</i>		£	s	d
Bills under Discount	.	10 750	-	-

If it is known that £1 000 worth of the bills discounted may not mature a reserve must be made against that possibility by a charge against Profit and Loss of £1 000 and an equivalent amount credited to Reserve for Loss on Bills under Discount

An adjustment may be made with regard to the Reserve in the event of the actual sums (10s in £) being received

EXERCISE VI—No 8

B's JOURNAL

		£	s	d	£	s	d
19 Jan 1	✓ Bills Receivable To A For two bills drawn on him for £2 000 and £4 000 for 2 mos and 4 mos respectively	6 000	-	-	6 000	-	-
Mar 4	✓ Bills Receivable To A For bill of £1 000 + Interest at 5% for 3 months	1 012	10	-	1 012	10	-
	✓ A To Interest For charge of Interest—5% of £1 000 for 3 months	12	10	-	12	10	-
May 4	✓ A To Bills Payable For acceptances of £1 131/16/8 and £1 408/3/4 for 2 months and 3 months respectively	2 540	-	-	2 540	-	-
		£9 565	-	-	£9 565	-	-

B's LEDGER

Dr

SALES ACCOUNT

Cr

19	-	£	s	d	19 Jan 1	By A	£	s	d
							6 000	-	-

It has been assumed that A would have received value before bills would be accepted by him.

EXERCISE VI - No 8 (contd.).

Dr.		A		Cr.			
19.		£	s d	19.			
Jan. 1	To Sales	6,000	- -	Jan. 1	By Bills Receivable . .	6,000	- -
Mar. 1	" Cash	1,500	- -	Mar. 4	" " " " " "	1,012	10 -
" 4	" Interest	12	10 -	June 7	" Balance f/d	3,532	10 -
May 4	" Bills Payable . .	2,540	- -				
June 7	" Cash	1,012	10 -				
		£ 10,563	- -			£ 10,563	- -
June 7	To Balance f/d . .	3,532	10 -				

Dr		BILLS RECEIVABLE ACCOUNT		Cr			
19		£	s d	19			
Jan 1	To A	6,000	-	Jan 3	By Cash	2,500	-
Mar 4	" A	1,012	10	Mar 3	" " " " " " " "	4,000	-
				Mar 4	" " " " " " " "	1,012	10
		£7,012	10			£7,012	10

Dr		BILLS PAYABLE ACCOUNT				Cr		
19		£	s	d	19			
July 7	To Cash	1,131	16	9	May 4	By A	2,540	-
Aug 7	" "	1,408	3	4				
		£2,540	-	-			£2,540	-

Dr	INTEREST ACCOUNT				Cr	
			19		£	s d
		Mar 4	By A		12	10 -

Dr.		BANKERS' DISCOUNT ACCOUNT		Cr.	
19		£	s d		
Mar. 4	To Sundries	70	8 4		

Dr.		CASH BOOK (BANK COLUMN)		Cr	
19		£	s d	19	
Jan 3	To Bills Receivable	2,500	-	Jan 3	By Banker's Discount
		4 000	-		
Mar 4	" " " "	1 012	10	Mar 1	" A " "
				Mar 4	Banker's discount
				June 7	A (dishonoured bill)
				July 7	Bills Payable
				Aug 7	" Balance " "
		7,012	10		7,012 10 -

BILLS RECEIVABLE BOOK

Date	No of Bill	From Whom Received	Folio	Discount	Amount of Bill	Days of Bill	Tenor	Due Date	Remarks
19 Mar 9	29	Green & Golding		£ 8	£ 2	19 Mar 2	1 month	Apr 5	Acceptor—Green & Golding
Mar 9	130	Edwards & Co		8s	16	10 Jun 9	2 months	Ma 2	—J. Thompson Met Mar 17
1 Mar 9	131	Payee & Co		20	12	6 Mar 1	1 month	June 1	Endorsed over to Mandrakes Ltd—11th June
16 Mar 9	132	Alcock Jones & Co		18s	24	16 Mar 1	60 days	May 2	Acceptor B Dunke Discounted
22 Mar 9	133	Payee & Co		24	9	3 Ma 22	4 months	Jul 25	{ Endorsement by B Beaton of H Moore & B L
3 Mar 9	134	T. B. & Co		6	2	6 Jun 29	2 months	Ap	{ drawn on L. Levar—Discounted
				9 5 0	£ 74	1 Jul 2	various	Aug 27	
				£ 0					

BILLS PAYABLE BOOK

Due Date	No of Bill	To Whom Given	Folio	Discount	Amount of Bill	Days of Bill	Tenor	Due Date	Remarks
Mar 12	85	Payee & Co		£ 8	£ 2	12 Mar 9	2 months	May 5	Payee—Ogden & Co Retained till 4
21 Mar 9	86	Lonsdale & Sons		12s	16	21 Mar 9	10 days	Ma 24	Honoured—Mar 24
27 Mar 9	87	Sowby & Wade		16s	1	19 Apr 22	1 month	Ap 22	Payee—Leary & Son
30 Mar 9	88	Green & Neel		30s	9	26 June 29	3 months	June 29	Payee Gardner & Fisher
31 Mar 9	89	T. N. & Co		16	13	29 Aug 1	4 months	Aug 1	
	100	G. Graham		7	1	21 Jul 22	90 days	Jul 22	
				£ 15	16	7 £ 0.33	1 year	Aug 27	
				£ 0					

EXERCISE VI—No 9 (contd)

JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
19..							
Mar. 27	Interest	£ 3	14	11			
	To Green & Noel.				3	14	11
Apr 1	B Bearon	116	2	6			
	To Bills Receivable				116	2	6
May 4	Bills Payable	237	16	4			
	To Philip & Son				237	16	4
" 4	Philip & Son	237	16	4			
	To Bills Payable				237	16	4
June 11	Mandrakes	120	12	6			
	To Bills Receivable				120	12	6

CASH BOOK

(Bank Column)

		£	s.	d.			£	s.	d.
19					19				
Mar 12	To Bills Receivable (No 130)	85	16	10	Mar. 24	By Bills Payable (No 96)	125	-	-
" 16	" Bills Receivable (No 132)	183	-	-					

EXERCISE VI—No 10

"Renewing" a bill is an arrangement by which a *drawer* of a bill withdraws the first bill and makes out a fresh one.

The new bill, in addition to the amount of the old one, will include the *drawer's* charges for interest and stamp duty.

(A) WELT & DRAY'S JOURNAL

	£	s.	d.	£	s.	d.
F. Frost	126	15	8	126	15	8
To Bills Receivable						
Bills Receivable	127	17	6	127	17	6
To F. Frost						
F. Frost	1	1	10			
To Interest				19	10	-
" Stamp Duty				2	-	-
	£255	15	-	£255	15	-

EXERCISE VI—No 10 (contd)

F FROST'S JOURNAL

	£	s	d	£	s	d
Bills Payable To Welt & Dray	126	15	8	126	15	8
Welt & Dray To Bills Payable	127	17	6	127	17	6
Interest Stamp Duty To Welt & Dray : : :		19 2	10		1 1	10
	£255	15		£255	15	-

(B) S STORMS JOURNAL

	£	s	d	£	s	d
Jenkins & Co To Bills Receivable	226	14	11	226	14	11
Bills Receivable To Jenkins & Co	230	-	9	230	-	9
Jenkins & Co To Interest : : " Stamp Duty : : .	3	5	10	3	2 3	10 -
	£460	1	6	£460	1	6

J JENKINS JOURNAL

	£	s	d	£	s	d
Bills Payable To S Storm	226	14	11	226	14	11
S Storm To Bills Payable	230	-	9	230	-	9
Interest Stamp Duty To S Storm : .	3	2 3	10 -		3 5	10
	£460	1	6	£460	1	6

EXERCISE VI—No. 11

T TALBOT'S JOURNAL

Bills Receivable	£	120	s	-	d	-	£	s	d
To A—Debtor	-	-	-	-	-	-	120	-	-

The above bill can be dealt with in the following ways—

- (1) Discounted with a banker or bill broker.
- (2) Endorsed to a customer
- (3) Held until maturity

JOURNAL ENTRIES		£	s	d	£	s	d
(2) A—Creditor		120	-	-			
To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
A—Debtor		120	-	-			
To A—Creditor					120	-	-
CASH BOOK (DEBIT SIDE)							
(1) To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
CASH BOOK (CREDIT SIDE)							
By A—Debtor					120	-	-
(3) As for (1), assuming the bill had been sent to bank for collection, otherwise, as under—							
JOURNAL ENTRY							
A—Debtor		120	-	-			
To Bills Receivable					120	-	-

EXERCISE VI—No. 12

Methods of procedure are explained on page 173 *et seq.* of *Advanced Accounts*

(1) Credit Bank Account By J (for dishonoured bill)

(2) M's LEDGER

Dr		B				Cr	
19 Mar 1	To Bills Payable	£	100	s	-	d	-
19 Mar 1	By Bills Receivable	£	100	s	-	d	-
Dr		BILLS RECEIVABLE ACCOUNT				Cr	
19 Mar 1	To B	£	100	s	-	d	-
19 Mar 1	By Bank	£	100	s	-	d	-
Dr		BILLS PAYABLE ACCOUNT				Cr	
19 June 4	To Bank	£	100	s	-	d	-
19 Mar 1	By B	£	100	s	-	d	-

EXERCISE VI—No 12 (contd)

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	" Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

Note The tenor of the bill has been taken at "three months"

B's LEDGER

Dr		M						Cr	
19 Mar 1	To B's Payable	£	s	d	19 Mar 1	By B's Receivable	£	s	d
		100	-	-			100	-	-

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Mar 1	To M	£	s	d	19 Mar 1	By Bank	£	s	d
		100	-	-			100	-	-

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Bank	£	s	d	19 Mar 1	By M	£	s	d
		100	-	-			100	-	-

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	" Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

(3)

(A) L's JOURNAL

		£	s	d	£	s	d
Bills Receivable	Dr						
To M	Cr						
M	Dr						
To Bills Receivable	Cr						
M	Dr						
To Bank	Cr						

EXERCISE VI—No 12 (contd.).

(B) M's JOURNAL

				£	s	d	£	s	d
L	To Bills Payable	:	Dr						
		:	Cr						
Bills Payable	:		Dr						
To L	:		Cr						

(C) N's JOURNAL

				£	s	d	£	s	d
Bills Receivable	:		Dr						
To L	:		Cr						
Bank	:		Dr						
To Bills Receivable	:		Cr						

EXERCISE VI—No 13

PURCHASES BOOK

		£	s	d	£	s	d
19 Jan. 6	W Lyons— 150 tons Pig Iron @ 43/4 a ton	325	-	-			
	Less 3% Trade Discount	9	15	-	315	5	-
	Total of Invoice				£315	5	-

SALES BOOK

		£	s	d
19. Jan. 2	James & Co— 20 tons 10 cw 2 qrs Steel Bars @ 103/4 a ton	106	-	11

EXERCISE VI—No 13 (contd)

BILLS RECEIVABLE BOOK

Date.	From Whom Received.	Tenor	Due Date	Amount		
19. Jan 7	J Kitson . . . (Bill dated 4th Jan)	4 mos	19.. May 7	£ 178	s. 10	d. -

BILLS PAYABLE BOOK

Date	To Whom Given	Tenor	Due Date	Amount		
19.. Jan 6	W Lyons . . . (Bill dated 1st Jan)	3 mos	19. Apr 4	£ 315	s 5	d -

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	315	5	-			
Bills Receivable	178	10	-			
Discount	1	2	6			
Carnage	2	11	4			
Rent	100	-	-			
Salaries	25	-	-			
Wages	75	-	-			
James & Co	106	-	11			
J Butler	35	14	2			
Sales				106	-	11
Bills Payable				315	5	-
J Tasker				47	10	-
W. Methley				39	15	-
J. Moulton				45	-	-
J Kitson				178	10	-
Bank (for Overdraft)				107	3	-
	£839	3	11	£839	3	11

EXERCISE VI—No 14

JOURNAL OF WILLIAM ASHTON

OPENING ENTRIES

		£			s			d			£			s			d		
19	Jan 1	Freehold Works	.	.	.	9	127	10	—	—	—	—	—	—	—	—	—	—	—
		Fixed Plant	.	.	.	7	826	15	—	—	—	—	—	—	—	—	—	—	—
		Dry Dock	.	.	.	6	284	—	—	—	—	—	—	—	—	—	—	—	—
		Loose Plant etc	.	.	.	2	788	4	6	—	—	—	—	—	—	—	—	—	—
		Expenditure on—																	
		SS Owl	.	.	.	7	126	—	—	—	—	—	—	—	—	—	—	—	—
		SS Hawk	.	.	.	4	291	—	—	—	—	—	—	—	—	—	—	—	—
		SS Sparrow	.	.	.		835	—	—	—	—	—	—	—	—	—	—	—	—
		Materials	.	.	.	4	724	9	6	—	—	—	—	—	—	—	—	—	—
		Bills Receivable—																	
		Nos 186*			£329	6	6												
		, 187	.	.	546	10	—												
		, 188	.	.	490	9	6												
						1	366	6	—	—	—	—	—	—	—	—	—	—	—
		Cash at Bank	.	.	.	2	796	8	8	—	—	—	—	—	—	—	—	—	—
		Cash in Office	.	.	.	120	14	6	—	—	—	—	—	—	—	—	—	—	—
		To Robinson & Co	.	.	.								984	17	—	—	—	—	—
		Jones & Co	.	.	.								1	653	10	—	—	—	—
		Brown & Co	.	.	.								648	19	—	—	—	—	—
		Mortgage (P Piper)	.	.	.								6	000	—	—	—	—	—
		Bills Payable—																	
		Nos 135			£640	8													
		, 136	.	.	728	10													
		, 137	.	.	320	17	6												
		„ Instalments on—																	
		SS Owl	.	.	.								6	649	—	—	—	—	—
		SS Hawk	.	.	.								3	500	—	—	—	—	—
		„ Capital Account	.	.	.								23,780	7	6	—	—	—	—
						£	47	286	9	2	£	47	286	9	2				

EXERCISE VI—No 15

Dr V WHITING S CASH BOOK Cr

		£			s			d					£			s			d		
1932	Sept 3	To R Surgeon			1	473	15	3			1933	Jan 4	By R Salmon			1	000				

V WHITING S LEDGER

Dr R SALMON Cr

		£			s			d					£			s			d		
1932	Sept 1	To Goods			1	900					1932	Sept 1	By Bills Receivable			1	900				
1933	Jan 4	To Cash			1	000					1933	Jan 4	By Bills Receivable			1	020	16	8		
	, 4	Interest			26	16	8						(incl Interest)								
					£1	020	16	8								£1	020	16	8		

EXERCISE VI—No 15 (contd)

Dr.		R. STURGEON		Cr			
1932 Sept. 3	To Bills Receivable	£	s d	1932 Sept. 3	By Cash	£	s d
		1,500	-		- Discount	1,475	15 3
						26	4 9
		£1,500	-			£1,500	-

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1932 Sept. 1	To R. Salmon	£	s	d	1932 Sept. 3	By R. Sturgeon	£	s	d
		1,500	-	-			1,500	-	-
1934 Jan. 4	To R. Salmon	£	s	d					
		1,020	16	8					

Dr		DISCOUNT AND INTEREST ACCOUNT				Cr			
1932 Sept 3	To R. Sturgeon	£	s	d.	1933 Jan. 4	By R. Salmon	£	s	d.
		26	4	9			20	16	8

Dr		SALES ACCOUNT				Cr	
				1932		£	s d
				Sept. 1	By R. Salmon	1,500	- -

EXERCISE VI—No. 16.

ROBINSON'S BOOKS

PURCHASES BOOK

SALES BOOK

19, Aug. 31	To Tuck & Co — 150 tons Coal @ 7/6 a ton	£	s d	19 Sept. 14	The Sheffield Mfg. Co — 150 tons Coal @ 12/6 a ton	£	s d
		56	5 -			93	15 -

Dr.		CASH BOOK				Cr				
19 Nov. 17	To Sheffield Mfg. Co.	£	s	d	19 Aug 31	By Tuck & Co	Direct	£	s	d
		93	15	-	" 31	- Carriage	£1/8 2	54	16	10
					" 31	- Cartage	(150 tons @ 1/3)	9	7	6
					" 31	- Cartage	(150 tons @ 9d.)	5	12	4
					Nov 30	- Balance c/d		23	16	2
		£93	15	-				£93	15	-
Nov. 30	To Balance b/d	23	16	2						

EXERCISE VI—No 16 (contd)

JOURNAL

		£	s	d	£	s	d
19 Sept 14	Bills Receivable <i>Dr</i> To Sheffield Manufacturing Co <i>Cr</i> Bill drawn at 2 mos	£ 93	15		£ 93	15	
Nov 17	Sheffield Manufacturing Co <i>Dr</i> To Bills Receivable <i>Cr</i> Bill due dishonoured	93	15		93	15	
		£187	10		£187	10	

LEDGER

Dr		Tuck & Co				Cr			
19 Aug 31	To Cash	£	s	d	19 Aug 31	By Purchases	£	s	d
31	Discount	54	16	10			56	5	
		1	8	2					
		£56	5	-			£56	5	-

<i>Dr</i>		SHEFFIELD MANUFACTURING CO				<i>Cr</i>			
19 Sept 14	To Sales	£	s	d	19 Sept 14	By Bills Receivable	£	s	d
Nov 17	Bills Receivable	93	15	-	Nov 17	Cash	93	15	-
		93	15	-			93	15	-
		£187	10	-			£187	10	-

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT				<i>Cr</i>			
19 Sept 14	To Sheffield Mfg Co	£ 93	s 15	d -	19 Nov 17	By Sheffield Mfg Co	£ 93	s 15	d -

Dr		TRADING ACCOUNT		Cr			
19	To Purchases	£ 56	5	19	By Sales	£ 93	15
	Carriage Inwards	9	7		Discount on Pur	1	8
	Carriage Inwards	5	12		chases		2
	Profit and Loss A/c	23	18				
		£95	3			£95	3

<i>Dr</i>		PROFIT AND LOSS ACCOUNT				<i>Cr</i>			
19	To Establishment Exps (10% of £56/5) Balance Nxt Profit	£	s	d	19	By Trading Account	£	s	d
		5	12	6			23	18	2
		18	5	8					
		£23	18	2			£23	18	2

EXERCISE VI—No 16. (contd)

FORM OF BILL

No 33.

DUE DATE 17th November, 19..

SHEFFIELD.

£93 15 0.

14th September 19..

STAMP

1/-

Two months after date pay to me or my order the sum of ninety three pounds, fifteen shillings, for value received

To SHEFFIELD MANUFACTURING, CO
SHEFFIELD

J. ROBINSON.

EXERCISE VI—No 17

A "Bill of Lading" is the Captain's receipt for goods on board his ship, and containing his undertaking to deliver (on certain conditions) to the place named in the document or to the person named therein or to order.

'Drawing *as against Bills of Lading*' is a term used in connection with the drawing of a bill by a foreign merchant on his English customer, which bill (one of the *vias*) is placed in the hands of the bankers with whom the foreign merchant has discounted it before acceptance surrendering therewith a bill of lading as security for value stated in the bill. The bill of lading is one of the documents which would be attached to the bill of exchange. See also *Advanced Accounts*, page 185 (under 'Documentary Bills')

EXERCISE VI—No 18

(a)

INVOICE

EAST STREET,

SHEFFIELD

4th March, 19 .

THE LOW MOOR IRON CO

BOUGHT of JOHN NIGHTINGALE

Iron Merchant

Terms -

40 tons Scotch Iron @ 45/- a ton

£
90s
-d
-

EXERCISE VI—No 18 (contd).

(c)

BILLS RECEIVABLE BOOK

No of Bill	Date Drawn	Name of Acceptor	Tenor	Due Date	Amount			Remarks
73	19 Apr. 2	The Low Moor Iron Co	3 mos	19 July 5	£	250	s - d -	

BOOKS OF LOW MOOR IRON CO.

BILLS PAYABLE BOOK

No of Bill	To Whom Payable	Tenor	Due Date	Fol	Amount			Remarks
73	John Nightingale	3 mos	19 July 5		£	250	s - d -	

LEDGER

Dr

JOHN NIGHTINGALE

Cr

19		£	s d	19		£	s d
Mar 20	To Cash	200	- -	Mar 4	By Purchases	90	- -
Ap 2	" Bills Payable	250	- -	" 10	" Purchases	220	- -
" 2	" Balance c/d	28	- -	" 19	" Purchases	163	- -
		£478	- -			£478	- -
				Apr 2	By Balance b/d	28	- -

EXERCISE VI—No 19

Dr		Y S CASH BOOK				Cr			
1937		£	s	d	1938		£	s	d
Oct 1	To X	305			Mar 31	By Balance c/d	1 019	1	8
1938		£	s	d					
Jan. 1	To Bills Receivable	600							
1	X	14	1	8					
		£1 019	1	8			£1 019	1	8
1938									
Mar 31	To Balance b/d	1 019	1	8					

Dr		Y S LEDGER				Cr			
				X					
1937		£	s	d	1937		£	s	d
Oct 1	To Goods	1 300			Oct 1	By Cash	305		
						Bills Receivable	1 200		
1938					1938				
Jan 1	To Bills Receivable	650			Jan 1	By Bills Receivable	600		
1	Interest	14	1	8	1	Cash	14	1	8
		£664	1	8			£664	1	8

Dr		INTEREST ACCOUNT				Cr			
					1938		£	s	d
					Jan. 1	By X	14	1	8

Dr		SALES ACCOUNT				Cr			
Mar 31	To Trading Account	1 550			1937		£	s	d
					Oct 1	By X	1 550		

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1937		£	s	d	1938		£	s	d
Oct 1	To X	1 250			Jan 1	By Cash	600		
					1	X	650		
		£1,250					£1,250		
1938					1938				
Jan. 1	To X	650			Mar 31	By Balance c/d	650		
Mar 31	To Balance b/d	650							

EXERCISE VI—No 21

See *Advanced Accounts* pages 3 (under System of Accounting) to 5 (inclusive)

EXERCISE VI—No 22.

See *Advanced Accounts* page 12 (under Bank Cash Book) also pages 290 and 291 for examples of Cash Books and packing materials. The Petty Cash Book is subsidiary to the General Cash Book because it relieves the principal Cash Book of all details re small payments which items are entered in a TOTAL amount at the end of the month

The Petty Cash Book contains an analysis of petty disbursements examples of which are carriage postages stationery and packing materials. The Petty Cash Book is subsidiary to the General Cash Book because it relieves the principal Cash Book of all details re small payments which items are entered in a TOTAL amount at the end of the month

EXERCISE VI—No 23

Dr

PETTY CASH BOOK (IMPREST SYSTEM)

Cr

Amount Received	Date	Particulars	Total	Postages etc	Gas Account	Carriage	Office Cleaning
£ s d			£ s d	£ s d	£ s d	£ s d	£ s d
20	19 Jun	To Bank	3 5 6				
	2	By Carriage	1 17 6			3 5	
	2	Postages etc	2 14 9				
	2	Gas Account	1 17 8		2 14 9		
	2	Office Cleaning					1 17 8
		TOTAL EXPENDITURE	£9 14 11	£1 17 6	£2 14 9	£3 5	£1 17 8
9 14 11	2	To Bank	20				
	2	By Balance c/d	£29 14 11				
£29 14 11							

EXERCISE VI—No 23 (contd.)

Cr.

BANK CASH BOOK

Dr.

Date	Particulars	Pol	Dis count	Details	Bank	Subs Ledger	General Ledger	Date	Particulars	Pol	Dis count	Cash	Bank	Bought Ledger	General Ledger
19 Jan	To J Smith		£ 2 10 -	£ 2 10 -	£ 2 10 -	£ 2 10 -		19 Jan	By W Jones				£ 2 10 -		
"	" " 1000			75 100 0	220 100 0	160 75 0		"	" " 1000				140 7 6		140 7 6
								"	" " 1000				92 6 0		92 6 0

EXERCISE VI—No 24

AS LEDGER

Dr			B			Cr		
19			£	s	d	19		
Jan 1	To Goods	10 000	-	-	-	Jan 1	By Bills Receivable	10 000
July 5	C	10 000	5	-	-	July 5	Cash	4 000
" 5	Interest	100	-	-	-	5	Bills Receivable (including Interest)	2 033 8 4
						5	Bills Receivable (including Interest)	2 033 8 4
						5	Bills Receivable (including Interest)	2 033 8 4
			£	20 100	5			£
								20 100 5

Dr			BILLS RECEIVABLE ACCOUNT			Cr		
19			£	s	d	19		
Jan 1	To B	10 000	-	-	-	Jan 4	By C	10 000
July 5	" B (i.e. 3 Bills of £2 033/8/4 each)	6 100	5	-	-			

Dr			C (BANKER)			Cr		
19			£	s	d	19		
✓ Jan 4	To Bills Receivable	10 000	-	-	-	✓ By Discount Charges	£	250
July 5	B	4 000	-	-	-	B	10 000	5 -

Dr			DISCOUNT ACCOUNT			INTEREST ACCOUNT			Cr		
19			£	s	d	19			£	s	d
✓ Jan 4	To C (Bankers)	£	250	-	-	July 5	By B	£	100	-	-

EXERCISE VI—No. 25

JOURNAL OF MESSRS DODGER & CO.

		£	s	d	£	s	d
19							
Mar	1	Ibbetson & Co	.	.	1	17	
		To Commission	.	.			1 2 9
		2% of £57	.	.			
		To Discount	.	.			14 3
		5% of £57 for 3 mos	.	.			
"	1	Bills Receivable	.	.	58	17	
		To Ibbetson & Co	.	.			58 17 -
		Bill drawn @ 3 mos for total of invoice and charges	.	.			
June	1	Ibbetson & Co	.	.	58	17	
		To Bills Receivable	.	.			58 17 -
		Bill @ 3 mos withdrawn	.	.			
"	1	Ibbetson & Co	.	.	1	2	
		To Commission	.	.			15 6
		2% of £38/17/-	.	.			
		To Discount	.	.			6 6
		5% of £38/17/- for 2 mos	.	.			
"	1	Bills Receivable	.	.	39	19	
		To Ibbetson & Co	.	.			39 19 -
		Bill drawn @ 2 mos	.	.			
					£160	12	
							£160 12 -

SALES BOOK

		£	s	d	£	s	d
19							
May	1	Ibbetson & Co —					
		120 tons best House Coal @ 89			52	10	
		Wagon Hire (120 tons @ 9d)			4	10	
							57 - -
		Total of Invoice					£57 - -

CASH BOOK
(DEBIT SIDE)

		£	s	d
19				
June	1	To Ibbetson & Co	20	
Aug	4	" Bills Receivable	39	19

MESSRS IBBETSON & CO

[illegible]

EXERCISE VI—No. 20

TRADING ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 19

	Factory	Shop	Total	Factory	Shop	Total
To Stock 1st Mar	£ 3808	£ 747	£ 4575	£ 4199	£ 758	£ 4957
" Purchases	11790	4199	17989	19353	470	19823
" Purchases from Factory		62	4199	3100		3579
" Purchases for Cash			6453			
" Wages	6433		891			
" Materials	8745		6725			
" Manufacturing Expenses		3000				
" Balance Gross Profit c/d	£ 26557	£ 28008	£ 54565	£ 26557	£ 28008	£ 54565

EXERCISE VI—No 26 (cont'd)

MESSRS WALTERS & SMITH

BALANCE SHEET AS AT 28TH FEBRUARY 19

[illegible]

EXERCISE VI—No 27

MESSRS WILSON & BOOKMAN

TRADING ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st July				8,968			By Sales	32,543					
" Purchases (including Govt Duty)				25 6 9			Less Returns Inwards	278			32,265		
" Manufg Wages				4 0 97							12 6 99		
" Bal, Gross Profit				9 537			" Stock, 31st Dec.				48 261		
				£ 48 261							£ 48 261		

MESSRS WILSON & BOOKMAN

, PROFIT AND LOSS ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER 19 Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries & Wages				1,100			By Trading Account						
" Rents, Rates, and Taxes				262			Gross Profit				9 537		
" Travelling Exps				130			, Commission				561		
" Exps of Licences				58									
" Insurance, etc.	40												
Less Proportion of Prem. prepaid	7	10											
" Reps & Renewals				32	10								
" Int. and Disc't				397									
" Bad Debts	362			587									
Add ½ of Macmillan Dist'd Bill	50												
" Bad Debts Res. (5% of £6,200-£50)				412									
Int on Cap A/cs				307	10								
A. Wilson (5% 6 m £7,200)	181	5											
J. Bookman (5% 6 m £4,685)	117	2	6	298	7	6							
" Bal — Net Profit to Capital A/cs													
A. Wilson, ½ sh	3 138	6	3										
J. Bookman, ½ sh	3 138	6	3										
				6,276	12	6							
				£ 10 101							£ 10 101		

EXERCISE VI—No 27 (contd)

MESSRS WILSON & BOOKMAN
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES						ASSETS					
£	s	d	£	s	d	£	s	d	£	s	d
Loan			2 000			Cash	53				
Sundry Creditors			5 963			Bank	1 897				
Capital Accounts—											
A Wilson						Bills Receivable			1 950		
Capital 1st July	7 250					Sundry Debtors	6 200		950		
Add Interest	181	5				Less Bad Debts 50					
Sh of Profit	3 138	6	3			Bad Debts					
						Reserve 307½					
	10 569	11	3				357	10			
Less Drawings	640								5 842	10	
			9 929	11	3	Stock			12 896		
J Bookman						Fixtures & Fittings			897		
Capital 1st July	4 685					Plant & Machinery			2 880		
Add Interest	117	2	6			Proportion of Insurance Prem paid			7	10	
Sh of Profit	3 138	6	3								
	7 940	8	9								
Less Drawings	410										
			7 530	8	9						
			£ 20 423						£ 20 423		

EXERCISE VI—No 28

STANLEY MAIN COAL CO S BOOKS
JOURNAL ENTRIES

19		£	s	d	£	s	d
Jan 1	Messrs Ricksmith Pigg & Co To Wagon Hire For charge of 9d a ton for wagon hire on 1 000 tons	37	10		37	10	
" 1	Messrs Ricksmith Pigg & Co To Carriage For charge of 2/6 a ton carriage on 1 000 tons	125			125		
" 1	Screening Account To Messrs Ricksmith Pigg & Co For allowance of 6d per ton for screening	25			25		
" 1	Bills Receivable To Messrs Ricksmith Pigg & Co For acceptance at 2 mos	512	10		512	10	
		£700			£700		

EXERCISE VI—No 28 (contd)

SALES BOOK

19..		£	s.	d
Jan 1	Messrs Ricksmith, Pigg & Co— 1,000 tons Coal @ 7/6 a ton .	375	-	-

LEDGER

Dr. MESSRS RICKSMITH, PIGG & CO Cr

19		£	s	d	19		£	s	d
Jan. 1	To Sales .	375			Jan 1	By Screening	25		
" 1	" Wagon Hire .	37	10		" 1	" Bills Receivable	512	10	
" 1	" Carriage .	125							
		£537	10				£537	10	

NOTE—The above "records" relate to only ONE month
EXERCISE VI—No 29

P'S LEDGER

Dr Q Cr

Jan.	3	To Goods	600			Jan.	3	By Bills Receivable	600		
May	3	" Bills Receivable	200			May	3	" Cash	50		
	3	Interest	1	17	6		3	" Bills Receivable	151	17	6
			£801	17	6				£801	17	6

Dr BILLS RECEIVABLE ACCOUNT Cr

Jan. 3	To Q	£	s	d	Jan. 7	By Bank	£	s	d
May 3	" Q	151	17	6		" Discount	199	5	8
					Apr 3	" Bank	200		
					May 3	" Q	200		
					" 10	" Bank	190	5	9
						" Discount	1	11	9
		£751	17	6			£751	17	6

Dr DISCOUNT AND INTEREST ACCOUNT Cr

Jan 7	To Bills Receivable	£	s	d	May 3	By Q	£	s	d
May 10	" Bills Receivable	1	11	9	" 10	" Profit and Loss	1	17	6
		£2	6	1			£2	6	1

PROFIT AND LOSS ACCOUNT

May 10	To Discount and Interest Account	£	s	d
			8	7

EXERCISE VI—No 30

See Answers at end of *Advanced Accounts*

EXERCISE VII—No 1

R. RANDOM & SONS JOURNAL

		£	s	d	£	s	d
19 Sept 1	Consignment Account To Goods on Consignment . . . " Freight . . . " Insurance . . . For invoice value of goods shipped to Paul Gold Capetown	578			500		
					60		
					18		
Oct 28	Paul Gold To Consignment Account	460			460		
	Consignment Account To Paul Gold For expenses £10 and commission £25	35			35		
Oct 28	Bills Receivable To Paul Gold	425			425		
Nov 2	Paul Gold To Consignment Account	320			320		
	Consignment Account To Paul Gold For expenses £8 and commission £10	18			18		
Nov 2	Bills Receivable To Paul Gold	302			302		
		£2 138			£2 138		

R. RANDOM'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d		£	s	d
19 Sept 1	To Goods on Consignment	500			19 Oct 28	By P. Gold	460	
	Freight	60				Goods on Consignment unsold c/d (including proportion of expenses)	280	
	Insurance	18						
Oct 28	P. Gold	35						
	Balance c/d (Profit for period)	127						
		£740						
Oct 28	To Balance b/d (unsold Goods)	280			Oct 28	By Balance b/d (Profit on part sale of Goods)	127	
Nov 2	P. Gold	18			Nov 2	" P. Gold	320	
	Balance to Profit and Loss	149						
		£447						

EXERCISE VII—No 1 (contd)

Dr.		PAUL GOLD				Cr.					
19 Oct. 28	To Consignment	£	400	s	d	19 Oct. 28	By Consignment	£	35	s	d
							" Bills Receivable	£	425		
			£460						£460		
Nov 2	To Consignment		320			Nov 2	By Consignment		18		
							" Bills Receivable		302		
			£320						£320		

Dr.		BILLS RECEIVABLE ACCOUNT				Cr.	
19 Oct. 28	To P Gold	£	425	s	d		
Nov 2	" "		302				

Dr.		FREIGHT AND INSURANCE ACCOUNT				Cr		
19				19	By Consignment	£	s	d
				Sept 1		78	-	-

(Note—Expenses assumed to have not been paid)

EXERCISE VII—No 2

DELVAINÉ BROS' JOURNAL

		£	s	d	£	s	d
19 Oct 15	Consignment Account To Goods on Consignment For shipment of 60 cases mixed Shelf field goods at £32 10s per case to Donnison & Sons Port Elizabeth	1,930			1 950		
Dec 19	Donnison & Sons To Consignment For gross proceeds of sale of goods con signed to him as per account sales	2 855			2 855		
" 19	Consignment To Donnison & Sons For expenses and commission as per account sales	125	11	6	125	11	6
		£4 930	11	6	£4 930	11	6

An ACCOUNT SALES is a document containing particulars of the Gross proceeds of the consignment sold together with details of expenses charges and commission in connection therewith. The document is prepared by the CONSIGNEE.

EXERCISE VII—No 2 (contd)

A CONSIGNMENT ACCOUNT is raised in the CONSIGNOR'S Ledger and contains particulars of—

(a) Goods sent out on consignment

(b) Particulars of their sale by agent

(c) Particulars of expenses charges and commission in connection with above

ACCOUNT SALES OF 60 CASES MIXED SHEFFIELD GOODS sold on account and risk of Messrs Delmaine Bros London

		£	s	d	£	s	d
19 Dec 15	30 cases Mixed Sheffield Goods @ £45 per case				1 350	—	
17	25 cases Mixed Sheffield Goods @ £50 per case				1 250	—	
19	5 cases Mixed Sheffield Goods @ £51 per case				250	—	
					2 850	—	
	CHARGES						
	Storage	18	10				
	Landing Charges	8	10				
	Insurance	2	11				
	Commission—7% of £2 850	57	2				
	Del credere Commission—14% of £2 850	40	16	6			
					125	11	6
	Net Proceeds				2 729	8	6
	Bill drawn Nov 1				1 000		
E & O F	Port Elizabeth 19th December 19				1 729	8	6
	Donnison & Son						

BILLS RECEIVABLE BOOK

Date	No of Bill	From whom Received	Term	Due Date	Folio	Discount	Amount
19 Nov 1	1	Donnison & Sons				£ s d	£ s d
							1 000

DELMARINE BROS LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d		£	s	d
19 Oct 15	To Goods on Consignment	1 950			19 Dec 19	By D Donnison & Sons	2 855	
	Cash	68	19					
Dec 19	D Donnison	125	11	6				
	Balance to Profit and Loss	710	9	6				
		2 855						2 855

EXERCISE VII—No. 3 (contd.)

Dr		D. DONNISON & SONS			Cr.	
19 Dec. 19	To Consignment	£ 2,855	s -	d -	19 Nov. 1 Dec. 19 "	By Bills Receivable Consignment Balance c/d
						£ 1,000 12s 1,729
		£ 2,855	s -	d -		£ 2,855
Dec. 19	To Balance b/d.	1,729	s 8	d 6		

Dr		BILLS RECEIVABLE ACCOUNT			Cr	
19 Nov. 1	To D. Donnison & Sons	£ 1,000	s -	d -		

Dr		CASH BOOK			Cr	
				19 Oct. 15	By Consignment— Insurance Freight Sundry Chgs.	£ 10 54 3
						s 12 12 10
						d -

EXERCISE VII—No. 3

J MOSS & CO'S JOURNAL

19 .	Consignment Account To Goods on Consignment For goods sent to J. Solomon, Hong Kong	£ 1,500	s -	d -	£ 1,500	s -	d -
	Bills Receivable To J. Solomon	1,300	-	-	1,300	-	-
	J. Solomon To Consignment For gross proceeds as per account sales	1,729	-	-	1,729	-	-
	Consignment Account To J. Solomon For expenses and commission as per account sales	71	-	-	71	-	-
	Consignment Account To Bankers' Discount For loss on bill discounted	15	-	-	15	-	-
		£4,615	-	-	£4,615	-	-

EXERCISE VII—No. 4.

JOINT VENTURE ACCOUNT
 (AN ACCOUNT OF SPECULATION IN TIMBER
 BY T TOHM AND F FRIEDLEY)

AN ACCOUNT OF SPECULATION IN TIMBER									
Dr.					Cr				
		£	s	d			£	s	d
19					19				
Jan 20	To A Russphy	687	16	-	Feb 21	By Cash	175	2	5
" 23	Loading	36	13	6	Mar 27	F Turner	420	-	-
" 31	Freight to London	123	14	9	Apr 15	L Lott	1,472	10	6
Feb 26	Cash	1,027	-	-	May 31	F Friedley	320	8	-
Mar 23	Shipping Charges and Freight	225	10	11		(a partner)			
May 31	Int on Cap A/cs								
	T Tohm	8	7	8					
	F Friedley	10	4	11					
" 31	Balance (Profit) to Capital A/cs								
	T Tohm	120	17	2					
	F Friedley	147	14	4					
	$\frac{2}{3}$ share								
	$\frac{1}{3}$ share								
		£2 948	-	11			£2 368	-	11

Dr				T TOHM—NORWAY				Cr			
		£	s	d			£	s	d		
19					19						
May 20	To Balance c/d	579	4	10	Jan 15	By Cash	450	-	-		
					May 31	Interest	8	7	8		
					" 31	(for 136 days)					
						Share of Profit	120	17	2		
						($\frac{2}{3}$ of £208 11 6)					
		£579	4	10			£579	4	10		
May 31	To Cash	£579	4	10	May 31	By Balance b/d	£579	4	10		

EXERCISE VII—No 4 (contd)

Dr		F. FRIEDLEY—ENGLAND					Cr		
19 May 31	To Joint Venture (Timber taken over)	£ 300	s 8	d	19 Jan 15	By Cash	£ 350	s —	d
" 31	Balance c/d	387	11	3	May 31	Interest (for 138 days) Share of Profit ($\frac{1}{10}$ of £258/11 6)	10	4	11
		£707	19	3			147	14	4
							£707	19	3
May 31	To Cash	387	11	3	May 31	By Balance b/d	£387	11	3

Dr		CASH BOOK					Cr		
		£	s	d			£	s	d
19					19				
Jan 15	To Capital Accounts				Jan 23	By Joint Venture —			
	T Tohm	450				Loading	38	15	6
	F Friedley	550			31	Freight to			
						London	123	14	5
Feb 21	Joint Venture	175		5	Feb 26	* Joint Venture	1 027		
May 19	Bills Receivable	1 472	10	6	Mar 25	Shipping Charges			
	(L. Lot's acceptance)					and Freight	225	10	11
					Apr 24	Bills Payable	687	16	
" 30	Bills Receivable	420				(Our acceptance to P. Rus			
	(R. Turner's acceptance)					sphy)			
					May 31	Balance c/d	966	16	1
		£3 067	12	11			£3 067	12	11
May 31	To Balance b/d	966	16	1	May 31	To Capital Accounts			
						T Tohm	579	4	10
						F Friedley	387	11	3
		£966	16	1			£966	16	1

EXERCISE VII—No 5

P POTTER'S JOURNAL

		£	s	d	£	s	d
19 July	1	Consignment Account	3 018	15			
		To Goods on Consignment			3,018	15	-
		For 1,150 tons Iron invoiced (<i>pro forma</i>) at 52s 6d per ton and sent to K Kettlewell, New York					
Sept	1	K Kettlewell	3,406	2	3	3,406	2 3
		To Consignment					
		For net proceeds of Account Sales, sent by K Kettlewell, the particulars of which are set out below—					
		\$	\$				
		222 tons @ 15 00 =	3 330-00				
		300 " @ 14 50 =	4,350-00				
		176 " @ 14-25 =	2,509 00				
		452 " @ 14 75 =	6 667-00				
		1,150 tons Iron					
		Gross Proceeds	\$16 855-00				
		Less 3% Commission	\$505 65				
		Net Proceeds	\$16 349 33				
		\$16 349-33 @ 4/2 =	£3 406 2s 3d				
Sept	1	Bills Receivable.	3 406	2	3	3,406	2 3
		To K Kettlewell					
		Bill at 60 days for amount of NET proceeds, as per Account Sales					
Oct	30	Difference in Exchange (Loss)	48	19	2	48	19 2
		To Bills Receivable					
"	30	Consignment Account.	48	19	2	48	19 2
		To Difference in Exchange (Loss)					
		(For transfer of loss on bill)	£9 928	17 10	£9,928	17 10	

EXERCISE VII No 5 (contd)

POTTERS LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19				£	s	d	19				
July 1	To Goods on C/mnt	3 018	15				Sept 1	By Kettlewell	3 406	0	3
	Cash	175	15		9						
Oct 30	Loss on Exchange	48	19		2						
" 30	Balance (gain) to Profit & Loss	16	12		4						
		£3 406	2		3				£3 406	-	3

Dr				K KETTLEWELL				Cr			
19				£	s	d	19				
Sept 1	To Consignment	3 406	2		3		Sept 1	By B His Rece vble	3 406	2	3

Dr				BILLS RECEIVABLE ACCOUNT				Cr			
19				£	s	d	19				
Sept 1	To K Kettlewell	3 406	2		3		Oct 30	By Cash	3 357	3	1
								Difference on Ex change (Loss)	48	19	2
		£3 406	2		3				£3 406	2	3

Dr				CASH BOOK				Cr			
19				£	s	d	19				
Oct 30	To Bills Receivable	3 357	3		1		July 1	By Consignment (Freight & Chgs)	£ 175	15	9

EXERCISE VII—No 6

B BAILEY'S LEDGER

Dr				JOINT VENTURE ACCOUNT				Cr			
19				£	s	d	19				
May 2	To Goods on Joint A/c	5 000					July 31	By L. Phipps (Gross proceeds)	4 896	18	2
2	Stock	750									
2	Expenses of Purchase (2% of £2 000)	40									
July 31	Expenses of Sale (3% of £4 896/18/2)	146	18		2						
31	L. Phipps (1/2 of £1 950)	691	15		4						
" 31	Balance to Profit and Loss	1 268	4		8						
		£4 896	18		2				£4 896	18	2

Note £4 750 = $\frac{97}{100}$ of Sale Price of Goods Hence, to arrive at Gross Proceeds £4 750 must be multiplied by $\frac{100}{97}$

EXERCISE VII—No 7

SS 'QULENIE'

NET REVENUE ACCOUNT

Cr

Dr

	£			s			d			Cr		
	£	s	d	£	s	d	£	s	d	£	s	d
To Revenue Account No 8				565	11	10				1,763	10	8
• Revenue Account No 9				5-4	5	6				1,942	10	7
Balance										2,148	3	10
(distributable profit)				15 406	13	4				3,730	14	4
										5,018	18	6
										2,345	8	7
										£16,947	10	8

Notes—Each owner of part of ship will receive $\frac{1}{4}$ of £15,403*s*. that is, £240/14/7.

	£	s	d	£	s	d	£	s	d
To Port Expenses at K—	753	10	11						
Port Charges and Disbursements	43								
Cash to Captain	68	13	4						
Advances to Crew									
Port Expenses at L—	1 275	25	6						
Port Charges and Disbursements	47	2	8						
General Expenses	893	3	8						
General Average Charges	7	2	6						
Tobacco									
Port Expenses at M—	110	2	7						
Cash to Captain	375	19	9						
Port Charges and Disbursements	92	1	10						
Claims on Cargo	45								
Advances to Crew									
Port Expenses at N—	37	15	4						
Port Charges and Disbursements	25	14	4						
Cash to Captain	11	3	9						
Sundry Stores									
Port Expenses at O—	298	18	8						
Port Charges and Disbursements	25								
Advances to Crew	3	11	7						
Tobacco									
Total Port Expenses				4 114	16	2			
Outfit and Provisions				795	15	5			
Wages (less Fortified Wages)				1 867	16	4			
Insurance Premiums—									
Fire and Dismurance	1 956	12	2						
Protection Indemnity	159	13	9						
Extra Insurance at N—	15	15							
Commissaries—				2 129		11			
Charterer's	786	17	3						
Management (2 ^d of £13 247/8/8)	264	19							
Brokerage				1 054	16	3			
Précis ou Voyage				72	5	6			
				3 248	4	4			
				£13 279	14	11			
By Freight Earned—									
K to L									
L to M									
M to N									
N to O									
Shipp at Fees Received									
" Sale of Old Stores									
	4 128	17	3						
	2 063	10	5						
	3 858	11	2						
	3 188	10	10						
	£13 247	9	8						
				7					
				25					
				£13 279	14	11			

VOYAGE ACCOUNT OF SS "GLIWISLA," FROM 27TH FEBRUARY, 19.., TO 28TH APRIL, 19..

Gr.

152

Dr	£	s	d	£	s	d	By Freights Earned	£	s	d	Cr
To Brokerage and Commission	1 073	5	5								
Victualling	3 517	18	9								
Coals (in bunkers)	10 718	15	4								
Damages Repairs & Renewals	8 025	13	6								
Wages	7 569	11	10								
Port Chgs & Disbursements	4 329	7	3								
Directors Fees	625	15	6								
Interest on Mortgage	140										
Office Rents Rates & Taxes	557	13	9								
Accountancy Fees	120	10	6								
Loading and Dischg Exps	4 566	4	6								
Sundry Stores	1 015	17	5								
Printing and Stationery	785	3	10								
Engineering Charges	1 019	4	7								
Commission to Agents	75	13	9								
Depreciation—											
Steamers	5 208	10	6								
Balance (profit) to Net			9								
Revenue Account	26 217										
	£75 616	14	4					£75 616	14	4	

Dr

NET REVENUE ACCOUNT

Cr

Dr	£	s	d	£	s	d	By Revenue Account	£	s	d	Cr
To Underwriting Account (5% of £26 217 7/9)				1 310	17	5					
Management Commission (5% of £24 906/10 4)				1 245	6	6					
Balance to Balance Sheet				23 661	3	10					
				£26 217	7	9					
								£26 217	7	9	

EXERCISE VII—No 11 (contd.)

LINKLEY STEAM NAVIGATION CO—(contd.)

BALANCE SHEET AS AT 31ST MAY, 19..

Cr

Dr.

	£	s	d	£	s	d	Assets	£	s	d
LIABILITIES										
Proprietors Capital				150 000		0	Steamers			150 000
Bank Overdraft—A. & M. Bank Co				2 516	14	8	Debtors			7 508
Bills Payable				2 465	18	9	Bills Receivable			6 58
Mortgage				7 000		0				10 2
Sundry Creditors				4 325	17	7				
Underwriting Account										
Add Transfer from Net Revenue A/c	2 500		0	3 810	17	5				
	1 310	17	5	1 245	6	6				
Management Commission Outstanding				3 146	10	2				
Freight Reserve (uncompleted Voyages)				23 661	3	10				
Net Revenue Account (Balance)				£198 167	8	11				£198 167
										8 11

EXERCISE VII No 2

Dr		THE HANSARD ESTATE ACCOUNT										Cr		
19			£	s	d	19			£	s	d			
July	1	To Balance	3	125	6	2	Aug	20	By Sundry Debtors	730	16	3		
Aug	2	Insurance	165	6	6	Sept	20	"	625	2				
	2	Commiss on	8	10										
	2	Insurance	31	3										
	2	Commiss on	5		-									
	18	J Gray	175	15	-									
	23	Smith	42	14	-									
Sept	20	Goods	537	6	2									
			£4 137		10				£1 355	18	3			

Dr		J & W SHIRLEY						Cr		
		£	s	d				£	s	d
19 Aug 17	To Bills Payable	220	14		19 Sept 20	By Balance c/d		950	15	
17		170								
Sept 10		120								
20	Goods	440	1							
		£950	15					£950	15	
Sept 20	To Balance b/d	950	15							

EXERCISE VII—No 13

BALANCE SHEET

LIABILITIES				ASSETS			
Sundry Creditors	£	6 000	s	Cash	£	18 700	s
Capital Accounts—				Bills Receivable		7 800	
W James		2 050	-				-
F Edwards		4 100	-				-
Morrison & Co		8 200	-				
Peters & Son		6 150	-				
	£	26 500	-		£	26 500	-

EXERCISE VII No 13 (contd.)

JOURNAL ENTRIES

19.		£	s	d	£	s	d
	SS Ltd	20,000	-	-			
	To Capital Accounts—						
	W James 1				2,000	-	-
	F. Edwards 2				4 000	-	-
	Morrison & Co 4				8 000	-	-
	Peters & Son 3				6,000	-	-
	Cargo Account	6,000	-	-			
	To Sundry Creditors				6,000	-	-
	Voyage Account	7 400	-	-			
	To Cargo				6,000	-	-
	" Cash				400	-	-
	(Insurances on—						
	Cargo, 1% of £7,000 70						
	SS Ltd 1½% of £22 000 330)						
	" SS Ltd				1,000	-	-
	Cargo (Net Proceeds of Sale thereof)	7,000	-	-			
	Cash (Freight Outwards)	100	-	-			
	" Homewards)	800	-	-			
	To Voyage Account				7 900	-	-
	Cash	19 000	-	-			
	Voyage Account	1,000	-	-			
	To SS Ltd				20 000	-	-
	Sundry Debtors	7 800	-	-			
	To Cargo Account				7 000	-	-
	" Freights Earned (Homewards)				800	-	-
	Bills Receivable	7 800	-	-			
	To Sundry Debtors				7 800	-	-
	Voyage Account	500	-	-			
	To Capital Accounts—						
	W James 1				50	-	-
	F. Edwards 2				100	-	-
	Morrison & Co 4				200	-	-
	Peters & Son 3				150	-	-
	£ 77 400	-	-		77,400	-	-

EXERCISE VII—No 15 (contd)

LEDGER

Dr.			CONSIGNMENT ACCOUNT			Cr		
19			£	s	d	19		
Jan 1	To Goods on C/mnt		230	3		Mar 13	By Ardkash r & Byjamp	£ 329
1	Cash		19	15	11			
Mar 13	Ardkash & Byjamp		31	3	5			
13	" Bal to Profit and Loss		39	12	3			
			£329	-				£329 -

MESSRS ARDKASHIR & BYJAMJI

Dr.			CASH BOOK			Cr		
19			Rs	A	P	19		
Mar 13	To Sales		4 930	-		Mar 13	By Messrs Faudel Philip & Son— (For expenses as below)	Rs A P
							Landing Haulage etc.	18 - -
							Duty etc — 0%	246 12 -
							Bank Brokerage ½%	2 12 -
							By Faudel Philip & Son	4 420 12 -

EXERCISE VII—No 16

FORM OF ACCOUNT SALES

ACCOUNT SALES of 400 tons IRON ex S S *Dilwara* sold by B Ready
of Capetown for the account and risk of W Smith London

400 tons Iron @ £4/10/ per ton	£	s	d	£	s	d
				1 800	-	-
Charges						
Disbursements	20	16	8			
Commission—2½% of £1 800	45	-	-			
				65	16	8
E & O E				£ 1 734	3	4
CAPETOWN						
20th February 19						
B READY						
Draft forwarded for £1 734/3/4						

EXERCISE VII—No 16 (contd)

FORM OF DRAFT (BANKER'S)

07812

THE BANK OF SOUTH AFRICA

L 27/8731

CAPETOWN, 20th February, 19..

To the CASHIERS of the BANK OF ENGLAND

On demand pay this FIRST of Exchange, second unpaid, to the order of W Smith, One Thousand seven hundred and thirty-four pounds three shillings and fourpence Sterling, for value received

For the BANK OF
SOUTH AFRICA

STAMP
2D

Manager

£1,734 3 4

Accountant

W SMITH'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

19		£	s	d	19		£	s	d
Jan 1	To 500 tons Iron @ £4 a ton	2,000	-	-	Feb 20	By B. Ready (400 tons) (Iron @ £4 a ton)	1,600	-	-
	" B. Ready (charges)	20	16	0		" 100 tons Iron @ £4 a ton	400	-	-
Feb 20	" B. Ready (2½% of £1,800)	45	-	-					
20	" Bal. to Profit and Loss	134	3	4					
		£2,200					£2,200		

Dr

B. READY

Cr

19		£	s	d	19		£	s	d
Feb 20	To Consignment	1,800	-	-	Feb 20	By Consignment (charges)	20	16	8
					" 20	By Consignment (Commission)	45	-	-
					" 20	" Balance c/d	1,734	3	4
		£1,800					£1,800		
Feb 20	To Balance b/d	£1,734	3	4	Feb 20	By Cash	£1,734	3	4

EXERCISE VII No 17

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 20	Joint Account To W A Sims For 159 cases of shells shipped by W A Sims per S S <i>Ajax</i> for sale of Joint Account	299	1	-	299	1	-
19 Feb 4	W A Sims To Bills Payable For bill accepted (No 319) presented by Chartered Bank	299	1	-	299	1	-
Mar 10	Watts & Co To Joint Account For sale of shells by Watts & Co at auction	366	8	-	366	8	-
" 10	Joint Account To Watts & Co For commission charged by Watts & Co	9	3	2	9	3	2
26	Joint Account To Commission	9	16	1	9	16	1
26	W A Sims To Joint Account For transfer of share of loss on venture	5	3	7	5	3	7
		£988	12	10	£988	12	10

MESSRS BURT & CO S LEDGER

Dr

JOINT ACCOUNT

Cr

		£	s	d		£	s	d
19 Dec 20	To W A Sims	299	1	-	19 Mar 10	By Watts & Co	366	8
19 Feb 4	Cash	93	7	6	20	Cash	3	-
Mar 14	Watts & Co	9	3	2	26	W A Sims	5	3
24	Cash	7	6	-		Bal to Profit and Loss	5	3
" 26	Commission	9	16	1				
		£911	15	3			£411	15
								3

EXERCISE VI. No 18 (contd)

CAPITAL ACCOUNT

Dr		EDWARD THOMPSON				Cr	
19 Dec 31	To C sh	£ 1 000 200	s d	19 May 1 Dec 31	By Cash Jo t Account (share of profit on venture)	£ 1 000 200	s d
		£1 200				£1 200	

EXERCISE VII—No 19

J M S BOOKS

JOURNAL

		£	s	d	£	s	d
Consignment To Goods on Consignment	Dr Cr	1 200			1 200		
Bills Receivable To L R	Dr Cr	1 000			1 000		
L R To Consignment	Dr Cr	1 700			1 700		
Consignment To L R	Dr Cr	85			85		
		£3 985			£3 985		

CASH BOOK

(Credit Side)

£	s	d	£	s	d
By Consignment (Expenses)			£50		

LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr	
To Goods on Consignment to L. R.	£	s	d	By L. R.	£	s	d
Cash (Charges)	1 200				1 700		
L. R.'s Expenses and Commission	50						
Balance profit	85						
	305						
	£1 700				£1 700		

EXERCISE VII—No 19 (contd)

Dr	L R.				Cr		
To Consignment	£	s	d	By Bills Receivable	£	s	d
	1,700	-	-	Consignment	1,000	-	-
				Balance c/d	85	-	-
	£1,700	-	-		615	-	-
To Balance b/d					£1,700	-	-
	615	-	-				

L R's BOOKS

JOURNAL

J M	£	s	d	£	s	d
To Bills Payable	1,000	-	-	1,000	-	-
Sundry Debtors	1,700	-	-	1,700	-	-
To J M						
J M	85	-	-	85	-	-
To Commission						
	£2,785	-	-	£2,785	-	-

LEDGER

Dr	J M			Cr			
To Commission	£	s	d	By Sundry Debtors	£	s	d
Bills Payable	85	-	-		1 700	-	-
Balance c/d	1,000	-	-				
	£1 700	-	-		£1 700	-	-
				By Balance c/d	£615	-	-

EXERCISE VII—No 20

ACCOUNT SALES OF GOODS SOLD BY MR J ROWLAND DURBAN
S A FOR THE ACCOUNT AND RISK OF MESSRS ROBT PRENTICE & CO
LTD

	£	s	d	£	s	d
Sales				576	4	6
Value realized by Compensation under Surveyor's Certificate				10	16	3
				£587	-	9
<i>Charges etc</i>						
Wharf Charges	4	7	8			
Duty on £945 16s 6d @ 22½%	212	16	2			
Commission on £587 0s 9d @ 7½%	44	0	6			
				261	4	4
				£325	16	5

E & O E

Sight Draft for £325 16s 5d herewith
Durban S A
June 30th 19

LEDGER

Dr

MESSRS ROBT PRENTICE & CO LTD

Cr

	£	s	d		£	s	d
19 May 30 To Wharf Charges	4	7	8	19 May 16 By Cash	50		
June 30 Duty	212	16	2	May 31 R Edwards	242	12	9
" 30 Commission	44	-	6	June 9 K Lane	194	16	5
" 30 Bills Payable	325	16	5	June 24 D Carden	88	15	4
				June 24 Compensation	10	16	3
	£587	-	9		£587	-	9

EXERCISE VII—No 21

The credit balance of the Debenture Redemption Fund Account of £41 645 should be transferred to a Capital Reserve and will be available for distribution as profit

EXERCISE VII—No. 22.

Dr

CAPITAL ACCOUNT

Cr

19		£	s d	19		£	s d
Jan Dec	To Cash	1 500	- -	Dec 31	By Balance	2,206	14 10
Dec. 31	Balance c/d	1,896	14 10	19			
				Dec 31	Profit and Loss	1,190	- -
		£3,396	14 10			£3,396	14 10
				19			
				Dec. 31	By Balance b/d	1 896	14 10

Dr

WOOL ETC., ACCOUNT

Cr

19		£	s d	19		£	s d
Dec 31	To Balance	45 200	- -	Jan Dec.	By Cash	50,000	- -
19					(Proceeds		
Dec 31	" Interest on Advances	950	- -		year's Sales)		
31	" Profit and Loss	3 850	- -		of		
		£50,000	- -			£50 000	- -

Dr

ADVANCES ON WOOL ETC., ACCOUNT

Cr

19		£	s d	19		£	s d
Jan-Dec	To Cash	39 800	- -	Dec 31	By Balance	39,800	- -
Dec. 31	(Loan repaid)			19			
	, Cash (Interest)	950	- -	Dec. 31	" Wool, etc. account	950	- -
		£39 950	- -		(Interest due)		
						£39 950	- -

Dr

EXPORT TRADE ACCOUNT

Cr

19		£	s d	19		£	s d
Jan-Dec	To Sundry Creditors	24,000	- -	Jan-Dec.	By Export Agents	22 800	- -
	(Goods purchased)				" Goods (unsold) c/d	5,700	- -
"	, Cash (Freight)	2 760	- -				
"	, Cash (Insurance)	250	- -				
"	, Profit and Loss	1 190	- -				
		£28 200	- -			£28 200	- -
Dec 31	To Balance b/d	5,700	- -				
	(unsold Stock)						

Dr

EXPORT AGENTS

Cr

19		£	s d	19		£	s d
Jan-Dec.	To Export Trade A/c	22,500	- -	Jan Dec	By Bills Receivable	21 000	- -
				Dec. 31	, Balance c/d	1,500	- -
		£22,500	- -			£22 500	- -
Dec. 31	To Balance b/d	1,500	- -				

EXERCISE VII—No 22 (contd)

Dr **CONSIGNMENT ACCOUNT** *Cr*
(AUSTRALIAN)

		£	s	d			£	s	d
19 Dec 31	To Balance	10 000			19 Jan Dec	By Cash	9 350		
19 Dec 31	Interest on Advances	400			19 Dec 31	(Net proceeds of Sales for year)			
						Profit and Loss	1 050		
		£ 10 400					£ 10 400		

Dr **BANK OF AUSTRALIA** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Cash	8 000			19 Dec 31	By Balance	8 000		
19 Dec 31	(Loan repaid)				19 Dec 31	Consignment	400		
	Cash (Interest)	400				(Interest due)			
		£ 8 400					£ 8 400		

Dr **SUNDRY CREDITORS** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Bills Payable	20 000			19 Dec 31	By Balance	3 500		
	Cash	1 500			19 Jan Dec	Export Trade	24 000		
19 Dec 31	Balance c/d	6 000					£ 27 500		
		£ 27 500			19 Dec 31	By Balance b/d	6 000		

Dr **BILLS RECEIVABLE ACCOUNT** *Cr*

		£	s	d			£	s	d
19 Dec 31	To Balance	3 250			19 Jan Dec	By Cash	7 500		
19 Jan Dec	Export Agents	21 000			19 Dec 31	(Bills matured)			
						Cash (Bills discounted)	15 000		
						Balance c/d	1 750		
		£ 24 250					£ 24 250		
19 Dec 31	To Balance b/d	1 750							

EXERCISE VII—No. 22 (cont'd).

Dr		BILLS PAYABLE ACCOUNT				Cr			
19 Jan-Dec. Dec. 31	To Cash " Balance c/d .	£ 24,000 3,500	s - -	d - -	19 Dec. 31 19 Jan.-Dec.	By Balance " Sundry Creditors	£ 7,500 20,000	s - -	d - -
		£27,500	-	-	Dec. 31	By Balance b/d .	£27,500	-	-
							3,500	-	-

OFFICE EXPENSES, SALARIES, AND RENT ACCOUNT					
Dr.			Cr.		
19	To Cash	£ 2,350	s -	d -	
19	Dec. 31				By Profit and Loss
					£ 2,350
					s -
					d -

Dr		INTEREST ACCOUNT						Cr		
19 Jan.-Dec.	To Discounting Bills of Exchange	£	s	d	19 Dec. 31	By Profit and Loss A/c.	£	s	d	
		450	-	-			450	-	-	

Dr		CASH BOOK (BANK COLUMN)				Cr			
19 Dec. 31	To Balance	£ 1 106	14	10	19 Jan. Dec.	By Export Trade A/c	£	s.	d.
19 Jan. Dec.	" Bills Receivable	7 500				Freight	22,760		
"	" Bills Receivable (Discounted)	15 000				Insurance	250	3 010	
"	" Wool, etc., A/c	10 000			"	Sundry Creditors	1,500		
"	" Consignment A/c (Australian)	9 300			"	Bills Payable	24 000		
					"	Interest Charged by Bankers for Discounting Bills	450		
						Advances on Wool etc., A/c	29 000		
					"	Do. (Interest)	850		
					"	Bank of Australia (including int.)	8,400		
					"	Office Exps., etc.	2,350		
					"	Drawings	1,500		
					Dec. 31	Balance c/d	2 446	14	10
		£ 83 606	14	10			£ 84 606	14	10
Dec. 21	To Balance c/d	2,446	14						

EXERCISE VII—No 22 (cont'd)

Dr	TRIAL BALANCE			Cr
	£	s	d	£ s d
Export Trade	4 510			Capital 706 14 10
Export Agents	1 500			Wool etc 3 850 -
Consignment (Australia)	1 050			Sundry Creditors 6 000 -
Interest	450			Bills Payable 3 500
Bills Receivable	1 750			
Office Expenses etc	2 350			
Cash at Bank	2 446	14	10	
	£ 14 056	14	10	£ 14 056 14 10

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	£	s	d	Cr	£	s	d
To Expenses etc	2 350			By Wool etc	3 850		
Interest Account	450			Export Trade	1 190		
Cons/m't (Australia)	1 050						
Capital Account	1 190						
	£ 5 040				£ 5 040		

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Bills Payable	3 500			Bills Receivable	1 750		
Sundry Creditors	6 000			Export Agents	1 500		
Capital	1 896	14	10	Export Trade	5 700		
				(Stock unsold)			
				Cash at Bank	2 446	14	10
	£ 11 396	14	10		£ 11 396	14	10

GEORGE HARGREAVES

Dr GRAVEL PIT WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s	d		£	s	d
To Rent (1 year)	.	.	.		196	.	.
" Wages	.	.	.		230	8	.
" Coal and Coke	.	.	.	By Sales of Gravel (1 568 Loads @ 2/6 per load)			
" Implements	.	.	.	Gravel used on Contract			
" Sundries	.	.	.	(2,304 Loads @ 2/- per load)			
" Carting 2 304 Loads @ 4½d a load	43	4	—				
" Proportion of Equipment (24th of £552)	23	—	—				
" Interest Charged on Equipment (5% of £552)	27	12	—				
	£426	8	—		£426	8	—

EXERCISE VII No 24

RHODES JOURNAL

19		£	s	d	£	s	d
	John James To Sales Value of invoice £367½ less 7½% (£27/11/3)	339	18		339	18	-
	John James To Discount 4% of £169/19/4 for 3 mos To Commission 1% of £169/19/4	3	8		1	14	-
	Bills Receivable To John James Bill drawn at 3 mos	173	7	4	173	7	4
	John James To Bills Receivable Withdrawal of original bill	173	7	4	173	7	4
	John James To Discount 6% of £123/17/4 for 3 mos To Commission 30% of £123/17/4	3	14		1	17	-
	Bills Receivable To John James For bill drawn @ 3 mos	127	1	4	127	1	4
		£820	16		£820	16	-

RHODES CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To John James	169	19	5
	John James	50		-

LEDGER

Dr

JOHN JAMES

Cr

19		£	s	d	19		£	s	d
	To Sales	339	18	9		By Cash	169	19	5
	Discount	1	14			Bills Receivable	173	7	4
	Commission	1	14			Cash	50		
	Bills Receivable	173	7	4		Bills Receivable	127	1	4
	Discount	1	17						
	Commission	1	17						

EXERCISE VII - No 25

ACCOUNTS of 125 Tons of STEEL BARS *ex SS Tantallon Castle*,
 sold by MESSRS MURRAY & Co Sydney for account and risk of
 Midland Steel Co England

19.		£			s			d.		
		£	s	d.	£	s	d.	£	s	d.
	25 tons Steel Bars @ £10 per ton				250	-	-			
	30 " " @ £9/10/- "				285	-	-			
	30 " " @ £9/5/- "				277	10	-			
	40 " " @ £9 "				360	-	-			
					1 172	10	-			
	<i>Charges</i>									
	Landing Charges	15	-	-						
	Carting Charges	10	-	-						
	Warehousing	6	-	-						
	Insurance	1	-	-						
	Advertising	5	-	-						
	Commission i.e. 5% of £1,172/10/	58	12	6	95	12	6			
	E & O L				£1,076	17	6			

30 days' sight draft for £1,076/17/6 herewith.

MURRAY & Co,

July 1, 19..

Sydney

EXERCISE VII—No 26

LEWIS & CO S JOURNAL

19		£			£		
		£	s	d	£	s	d
	Armstrong & Sons To Sales Account For value of goods plus freight insurance etc etc sent to Messrs Armstrong & Sons of Ipswich and agreeing to particulars of invoice	1 124	-	-	1 124	-	-
	Bills Receivable To Armstrong & Sons Bill drawn on Armstrong & Sons for value of invoice	1 124	-	-	1 124	-	-
	Bank Account To Bankers Advance Account For advance from bankers on security of documents relating to sales and bills drawn on Armstrong & Sons	650	-	-	650	-	-
	Bank Account To Armstrong & Sons For receipt from Armstrong & Sons of half value of bill	562	-	-	562	-	-
	Armstrong & Sons To Bills Receivable For withdrawal of original bill	1 124	-	-	1 124	-	-
	Bills Receivable To Armstrong & Sons For new bill for half value of original bill plus interest at 6% for 6 months on amount	578	17	2	578	17	2
	Armstrong & Sons To Interest For charge of interest for 6 months at 6% on amount of bill	16	17	2	16	17	2
	Bankers Advance Account To Bank For repayment of loan	650	-	-	650	-	-
	Bank Account To Bills Receivable For Messrs Armstrong & Sons account duly honoured	578	17	2	578	17	2
		£6 408	11	6	£6 408	11	6

EXERCISE VII—No. 26 (contd)

ARMSTRONG & SONS' JOURNAL

19		£	s	d	£	s	d
	Purchases Account . . . To Lewis & Co For purchases from Lewis & Co, including freight, insurance, etc., etc., as per invoice	1,124	-	-	1,124	-	-
	Lewis & Co . . . To Bills Payable For our acceptance of Lewis & Co's draft on us for value of goods as per invoice	1,124	-	-	1,124	-	-
	Lewis & Co . . . To Bank For remittance to them of half value of bill	562	-	-	562	-	-
	Bills Payable . . . To Lewis & Co For withdrawal of original bill	1,124	-	-	1,124	-	-
	Lewis & Co . . . To Bills Payable For new bill for half value of withdrawn bill plus interest at 6% for 6 months on amount of bill	578	17	2	578	17	2
	Interest Account . . . To Lewis & Co For their charge of interest on amount of bill at 6% for 6 months	16	17	2	16	17	2
	Bills Payable . . . To Bank For payment of bill at maturity	578	17	2	578	17	2
		£5 108	11	6	£5 108	11	6

EXERCISE VII—No 27

ACCOUNT SALES OF 63 CASKS OF PURE LARD ex SS *Rameses* sold by
Messrs Stephens & Sons of London on account and risk of Messrs
Williams & Co of New York

		£	s	d	£	s	d
A 1	63 casks Fine Lard—						
	Gross weight	185	0				
	Tare	28	2				
	Net weight	156	2				
	@ 42s 6d per cwt				332	11	2
	<i>Charges</i>						
	Freight	15	10	8			
	Marine Insurance—/350 @ 2½ % (including Stamp 1/-)	4	8	6			
	Customs Dues		10	6			
	Unloading Weighing etc	5	12	6			
	Expenses of Sale	7	10	8			
	Fire Insurance	13	13				
	Brokerage (7½ % of /332/11 3)	24	18	10			
	Commission (3 % of £332/11/3)	9	19	6			
					77	14	2
					£254	17	1
E & O D	Messrs Stephens & Sons LONDON						

EXERCISE VII—No 28

R RIGHTON'S LEDGER

Dr

CONSIGNMENT INWARDS ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To L. Atbeck (600 barrels Flour @ 19 3)	577	10			By Sundry Debtors (300 barrels Flour @ 27/3)	442	16	3
	Cash	43	19	4		Sundry Debtors (270 barrels Flour @ 26 2)	359	10	10
	Commission (7½ % of £802/12/1)	29	1	4					
	L. Atbeck	161	1	5		Total Sales	£802	12	1
		£802	12	1					

EXERCISE VII—No. 28 (*contd*)

Dr.		L. AFFLECK			Cr				
19	To Cash	£	s	d	19	By Consignment Inwards	£	s	d
		738	11	5			577	10	-
							161	1	5
		£738	11	5			£738	11	5

Dr	CASH BOOK				Cr			
				19	By Consignment Inwards	£	s	d.
					Freight	27	10	-
					Insurance	7	15	8
					Storage	8	13	10
					" L. Affleck	738	11	5

EXERCISE VII—No. 29

W WILLIAMS' LEDGER
CONSIGNMENT ACCOUNT

Dr		WILLIAMS BEDDOE				Cr			
		CONSIGNMENT ACCOUNT							
19		£	s	d	19		£	s	d
Mar 1	To Goods on C/mnt	2 500	7	6	May 1	By S Seigfried	3 312	19	6
	" Cash	120							
July 4	" Loss on Exchange	56	19	7					
	" Balance (gain) to Profit and Loss	155	12	5					
		3 312	19	6			3 312	19	6

Dr.		S SEIGFRIED				Cr			
19		£	s	d	19		£	s	d
May 1	To Consignment	3,312	19	6	May 1	By Bills Receivable	3,312	19	6

Dr		BILLS RECEIVABLE ACCOUNT						Cr		
19			£	s	d	19		£	s	d
May 1	To S Seigfried .		3,312	19	6	July 4	By Cash	3,255	19	11
							Loss on Exchange	56	19	7
			£3,312	19	6			£3,312	19	6

Dr		CASH BOOK						Cr		
19		£	s	d	19		£	s	d	
July 4	To Bills Receivable .	3	25	11	Mar 1	By Consignment— (Carriage Freight, &c.)	120	-	-	

EXERCISE VII—No 29 (contd)

W WILLIAMS JOURNAL

		£	s	d	£	s	d
19							
Mar	1	Consignment Account To Goods on Consignment <i>For consignment of 1 05½ tons of iron @ 56s 6d per ton to S Seigfried of Hamburg</i>	2 980	7	6	2 980	7 6
May	1	S Seigfried To Consignment For value of sales less expenses as per Account Sales i.e.— Gross proceeds 69 420 marks Expenses 1 425 marks Commission 1 735 50 3 160 50 NET proceeds <u>66 259 50</u> 66 259 50 marks @ 1/- = £3 312/19/6	3 312	19	6	3 312	19 6
"	1	Bills Receivable To S Seigfried For acceptance at 2 months for amount as above	3 312	19	6	3 312	19 6
July	4	Loss on Exchange To Bills Receivable For loss on rate of exchange at due date i.e. 66 259 50 marks @ 20 35 whereas bill was made out @ 20 00	56	19	7	56	19 7
"	4	Consignment Account To Loss on Exchange For transfer of loss	56	19	7	56	19 7
			£9 720	5	8	£9 720	5 8

EXERCISE VII—No 30.

D_r C_r

ROBSON & DAY'S JOINT VENTURE ACCOUNT

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 620	268	£ 166 160	10 June 28	By Locomotive	£ 710	84	£ 66,740
" 15	" Carriage	15	258	3,870	" 3	" 320 tons Rails @ £3/10/- pr ton	1 420	27	49 140
Mar 18	" Storage	1	196	202	" 15	" 2 Cranes (price of each not given)	125	15	1 875
" 21	" Insurance	12	195	103	" 30	" Balance of 1 rodentia	-	-	207,498
June 4	" Repairs	12	118	1 410					
July 4	" 520 tons Rails @ £3/5/- pr ton	1 600	88	148 720					
Aug 27	" Landing Charges	30	65	1,950					
Aug 28	" Storage	3	53	152					
Sept 8	" 2 Cranes @ £15 each	109	22	2 420					
" 30	" Balance of Inl ($\frac{207,498 \times 10}{78,000}$)	26	6	323,253					
" 30	" Balance c/d	143	9	-					
		£2,655					£2,655		
Sept 30	To R. Robson's Share of Profit on Venture	71	14	9	Sept 30	By Balance b/d	143	9	6
"	" D. Day's Share of Profit on Venture	71	14	9			£143	9	6
		£143	9	6					

Dr

JOINT VENTURE IN R ROBSON'S BOOKS

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 600	268	£ 166 160	19 Sept 30	By 2 Cranes (price of each not given)	£ 120	13	£ 1 875
19 Jan 15	Carriage	15	258	3 870					172 637
19 Jan 22	Landing Charges	50	65	1 940					
19 Aug 28	Storage	3	33	1 192					
19 Sept 8	2 Cranes @ £35 each	110	27	2 430					
30	Balance of Int $\left(\frac{172 637 \times 10}{73 000} \right)$	23 13		£ 174 532					£ 174 532
30	Share of Profit on Venture	71 14	9						
		£ 873 18	3						

Dr

JOINT VENTURE IN D DAYS BOOKS

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 18	To Storage	£ 1	196	£ 392	19 Sept 30	By Locomotive	£ 710	94	£ 66 740
19 Mar 21	Insurance	12	103	1 241					49 140
19 June 4	Repairs	12	118	1 416					34 841
19 July 4	500 tons Rails @ £3/5 a ton	1 680	88	148 720					
19 Sept 30	Balance of Int $\left(\frac{34 841 \times 10}{73 000} \right)$	4 15	6	£ 150 721					£ 150 721
30	Share of Profit on Venture	71 14	9						
30	Balance due to R Robson	748 18	3						
		£ 2 530	-						

EXERCISE VIII—No. 1.

For the definition of an Account Current, see *Advanced Accounts* (p. 247).

MARSHALL & CO

Dr	IN ACCOUNT CURRENT WITH YEADON & CO	Cr
	1890	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1891	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1892	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1893	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1894	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1895	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1896	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1897	
	Jan 1 Balance	100 00
	Feb 10 Cash	50 00
	Mar 10 Cash	25 00
	Apr 10 Cash	75 00
	May 10 Cash	100 00
	Jun 10 Cash	150 00
	Jul 10 Cash	200 00
	Aug 10 Cash	250 00
	Sep 10 Cash	300 00
	Oct 10 Cash	350 00
	Nov 10 Cash	400 00
	Dec 10 Cash	450 00
	Total	2,000 00
	1898	
	Jan 1 Balance	100 00
</		

Date.	Particulars	Mth.	Amounts.			Date	Particulars	Mth.	Amounts		
			Int	£	s				Int	£	s
19						19					
Jan 1	To Goods—		£	5	d	Feb 1	By Cash	5	£	2	1
	due Mar 1	4	3	6	0	Mar 1	Goods—				
Apr 1	Cash	3	3	7	0		due May 1	2	4	3	4
June 30	Goods				300	May 1	Goods—				
"	Interest				7 1/2		due May 1	2	1	13	4
"	Balance c/d				12 1/2	June 30	Interest				7 1/2
					394 1/2						£ (807 1/2)
E & O E.						June 30	By Balance c/d				£ 3
						Low	Nov—1st July	YKA	D	D	N & Co.

EXERCISE VIII—No. 2

TRUMPER & CO., MELBOURNE

Dt IN ACCOUNT CREDIT WITH ROBERTSON & Co *Cr*

Date	Particulars	Amount	Dys.	Pro- ducts	Date	Particulars	Amount	Dys.	Pro- ducts
Dec 31 19	To Balance	£ 500 - -	120	600	Apr 10	By Bank Draft = Balance of Products	£ 600 - -	20	12,000
Jan 7	, Goods	300 - -	113	33,900	30	, Balance c/d	361 10 6		84,150
Apr 15	, Freight etc	150 - -		2,250	30				
" 30	, Bal of Int	11 10 6							
		[96] 10 6		100 10 6			[96] 10 6		£ 96 150
Apr. 30 E & A	To Balance b/l O E	361 10 6			Loan on—30th Apr 1	Rd. as per		504	& Co.

Dr CHARLES DAWSON IN ACCOUNT CURRENT WITH ALFRED BROWN Cr

Date	Particulars	Due Date	Amount	Days	Pro duets	Particulars	Date	Amount	Days	Pro duets
Jan 17	To Goods	Feb 1	£ 200	121	£ 24 200	By Cash	Feb 1	£ 50	121	£ 6 050
Apr 1	Cash	Apr 1	200	61	12 200	Goods	Apr 1	300	61	18 300
May 10	Goods	May 1	100			Balance of Products	May 1	150	31	4 650
June 1	Balance of Interest	June 1	1	4		Balance c/d		21	4	7 400
	$(7 400 \times 12)$		£ 88 400					£ 521	4	£ 33 400
June 1	To Balance b/d		21	4						

EXERCISE VIII No 4

Dr P PARKER IN ACCOUNT CURRENT WITH T TONGS Cr

Date	Particulars	Due Date	Amount	Days	Pro duets	Particulars	Date	Amount	Days	Pro duets
July 3	To Goods	Aug 14	£ 175	181	£ 31 856	By Cash	Aug 14	75	139	£ 10 5 4
Sept 10	By Cash	Sept 8	1 5	80	10 000	Goods	Sept 8	319	114	46 450
Oct 15	Cash	Nov 9	9	77	7 302	Balance of Products	Nov 9	65	52	3 432
Nov 30	Goods	Dec 31	138	31	4 278	Balance c/d	Dec 31	167	11	1 817
Dec 31	Int on Bal of Products		115	31	4 506			2	13	4 809
	$(4 809 \times 10)$		£ 471		£ 57 127			£ 1	5	£ 57 127
Dec 31	To Balance b/d		22	13						

W WOOD IN ACCOUNT CURRENT WITH C EVANS

5

Date	Particulars	Due Date	Amount	Days	Pro dects	Date	Particulars	Due D-ctc,	Amount.	Days,	Pco ducts.
19 s	To Goods	July 5	f 163	s 9	d 10	19 Aug 12	By Cash	Aug 12	f 68	141	9 447
" " "	B/E	Oct 11	180	10	10	Sep 7	Goods	Sep 7	3 ^m /8	115	40 940
Sept 8	Cash	Dec 12	89	9	11	Nov 13	. , Bal of last (total figs)	Nov 13	92	48	4 464
Oct 12	" Goods	Nov 30	127	13	4	Dec 11	" Bal. of ($\frac{1,073 \times 10}{73,000}$) Int	Jan 11	155	11	1,776
Oct 30	" "	Nov 30	156	5	8	" 31	Balance c/d . . .				494
Nov 30	" " Balance of Products	Jan 17	129	16	4	.			95	10	
Dec 17									£757	5	£55 345
" 31											
Dec. 31	To Balance b/d		Gd	10	11						

EXERCISE VIII—No 6

W WEST IN ACCOUNT CURRENT WITH E EASTON

Q

5

Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 15	To Cash		£ 75	8	12 616
20 Feb 4	"		199	10	142
16 Mar 16	"		256	10	28 400
20 Apr 20	"		240	9	27 242
30 June 30	Balance of Products		178	6	17 040
	Balance c/d		178	71	19 521
			£80	4	19 521 × 12
			£80		73 050
			£104 819		£104 819

A. NORTHICOTT, IN ACCOUNT CURRENT WITH S. ANDERSON

5

[illegible]

O JORDAN IN ACCOUNT CURRENT WITH T TFFLOW

6

Date	P r i	Due Date	Amount	Days	Interest	Date	Particulars	Due Date	Amount	Days	Interest
19 Jan 23	To Balance	Jan 23	£ 771	10	8	19			£ 771	10	8
Feb 20	Cash	Mar 11	65	8	6	10			65	8	6
Mar 20	Acceptance	Mar 26	300	12	7	10			300	12	7
Apr 15	Cash	May 12	52	10	5	10			52	10	5
May 10	Acceptance	May 10	110	10	8	10			110	10	8
June 10	Cash	June 10	92	16	5	10			92	16	5
July 10	Acceptance	Aug 1	200	29	12	10			200	29	12
Aug 10	Interest		85	4		10			85	4	
	Balance c/d		£ 1,005	11	5	10			£ 1,005	11	5
						30	By Balance b/d	June 30			

EXERCISE VIII—No 9

M GOODMAN IN ACCOUNT CURRENT WITH M BRESSLOFF

Cr

Dr

Date	Particulars	Due Date	Amount	Days	Pro- ducts	Date	Particulars	Due Date	Amount	Days	Pro- ducts
19		19				19					
Jun 12	To Goods	Mar 12	£ 420	110	£ 46,200	Mar 10	By Cash	As 1st column	£ 500	112	£ 28,000
Jun 15	"	Apr 15	350	76	27,050	Apr 10	"		150	81	12,150
Mar 21	"	May 21	258	40	9,580	May 9	"		250	54	13,750
Apr 10	"	June 10	127	20	2,540	June 15	"		300	15	3,250
June 30	" Balance of Interest		3	1		" 30	" Balance of Products		140		28,310
	($\frac{28,316 \times 10}{73,000}$)						" Balance c/d		£1,148		£88,468
June 30	To Balance b/d		£1,148	14	£88,468						

EXERCISE VIII—No 10

C CEDAR IN ACCOUNT CURRENT WITH J. HUGHES

Cr

Dr

Date	Particulars	Due Date	Amount	Days	Pro- ducts	Date	Particulars	Due Date	Amount	Days	Pro- ducts
19		19				19					
Jan 1	To Balance	Jan 1	£ 287	31	£ 43,488	Feb 28	By Net Proceeds A/S of Cotton	As 1st column	£ 865	13	£ 88,872
Jan 28	" Cash	Apr 8	50	4	6,250	May 31	" Net Proceeds A/S of Cotton		1,017	2	4,500
Feb 6	" Acceptance	1,00 25	500	7	25,000	" 31	" Int on consolidated fig				4,508
Feb 25	" Cash	1,00 25	124	8	11,970	" 31	" Balance of Products				
Apr 6	" Acceptance	June 9	800	9	£ 600						
Apr 11	" Cash	Apr 11	120	15	0,940						
May 11	" "	May 11	225	16	4,520						
" 31	" Bal of ($\frac{4,908 \times 10}{73,000}$)		13	5							
" 31	" Int		172	4		May 31	By Balance b/d		£1,082	16	£98,278
" 31	" Balance c/d								172	4	

EXERCISE VIII No 11

FLOWERS & CO S LEDGER

Dr SIDE

J STEVART S DRAWINGS ACCOUNT

Date	Particulars	Amount			Days	Products
		£	s	d		£
19						
Jan 15	To Cash	30			350	12 250
Feb 20		45			314	14 130
Mar 18		30			288	10 080
Apr 20		20			205	6 370
May 13		26			237	6 032
June 15		10			199	2 995
July 20		42			164	6 888
Aug 17		34			136	4 674
Sept 21		32			101	3 232
Oct 14		28			78	2 184
Nov 18		30			43	1 500
Dec 21		38			10	380
31	Interest $\left(\frac{70\ 600 \times 10}{73\ 000}\right)$	9	13	7		
		£309	13	7		£70 600

EXERCISE VIII—No 12

L LOCKE IN ACCOUNT CURRENT WITH K KAY

Cr.

Dr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
Jan 1	To Balance	Jan 1	£ 125	3	11 340	Feb 10	By Cash	Feb 10	£ 70	-	5 430
Feb 12	Goods	Feb 12	62	6	2 961	Mar 18	"	Mar 18	85	-	845
Mar 31	" Balance of Interest	Mar 31	1	6		Mar 31	"	Mar 31	15	3	415
	(9 610 × 10)					"	"	"	12	6	
	(74 000)					"	"	"	2	6	
			£ 189	12	£ 14,301	"	"	"	5	10	9 610
				1		"	"	"	12	1	£ 14,301

EXERCISE VIII—No 13

Dr N NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O OLDHAM, BOMBAY

Cr

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	£ 1 617	8	119 732	Jan 1	By Balance	Jan 1	£ 553	2	11
May 24	" Net Proceeds of A/S of Cotton	June 15	608	2	100,506	Jan 22	" Cash	Jan 22	27	4	40 816
						Mar 5	" Acceptance	Mar 5	250	6	15,400
						Feb 12	" Cash	Feb 12	106	12	4 601
						Mar 31	" Acceptance	Mar 31	290	-	24 900
						May 3	" Cash	May 3	250	-	20 750
						Apr 11	"	Apr 11	152	11	18 352
						May 13	"	May 13	235	10	31 521
						June 30	" Bal of Principal (A) and Interest (B)	June 30	8	14	35 557
						" 30	" Balance c/d	" 30	188	13	63 831
June 30	To Balance b/d		£ 2,223	17	£ 220 328				£ 2,223	17	4
			198	13							£ 220 328

(A) Balance of Principal = £ 2,223 less £ 2 056 = £ 197 To reduce to figure in Products column, Multiply £ 197 by 181, which = 35 637

(B) Balance of Interest = £ 21 471 arrived at as follows (63 831 × 10) 73,000

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			Days	Products	JUNE 5		SEPTEMBER 18		AUGUST 01	
							Days	Products	Days	Products	Days	Products
19 June 5	Goods	£	s	d		£						
July 12		726	16	2					105	76 335	82	50 614
		979	17	8	37	36 260		68		66 640	45	44 100
Aug 28	"	1 127	3	11	82	92 414		23		25 021	—	109 714
Sept 18	"	359	8	6	105	37 695					29	8 257
		£3 193	6	3		£166 369				£168 996		£95 457

June 5th + 82 days gives 27th July

Sept 18th 53 days gives 27th July

Aug 28th 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£	s	d		£
June 8		355	9	10	Zero	Date
Sept 11	" . . .	466	16	8	33	15 411
		229	14	7	98	22 540
(1 052 d	divided into 37 951 gives 36 days	£1 052	1	1		£37 951
June 5 + 36 days gives July 11)						

EXERCISE VIII—No 16

AVERAGE DUF DATT'S

Date	Item	Amount			Days	Pro- ducts.
19		£	s	d		£
Feb 15	Goods	375	2	9	Zero	Date
Mar 15	"	268	16	6	28	7,572
Apr 15	"	349	14	4	59	20,650
" "	"	186	3	7	59	10,974
(1,180 divided into 39 156 gives 33 days		£1,179	17	2		£39,156
∴ Feb 15 + 33 days + 6 mos gives	Sept 20)					

EXERCISE VIII—No 17

Date	Item.	Due Date	Amount •			Days	Pro- ducts
19			£	s	d		£
Aug 12	Goods	Sept 12	156	15	9	Zero	Date
" 21	"	Oct 1	298	4	5	19	5,662
Sept 23	"	Nov 1	127	17	2	50	6,400
Oct 9	"	" 19	395	5	8	68	26,860
(38,922 - 978 gives 40 days			£978	3			£38,922
∴ Sept 12 + 40 days gives Oct 22;							

FOREST & CO S LEDGER

C ELLIS & DRAWINGS ACCOUNT

Dr. Singh)

[illegible]

P PINE
WITH ACCOUNT WITH T ELLIOTT

4

5

[illegible]

EXERCISE VIII—No. 20
195

4

ACCOUNT CURRENT WITH BROWN

6

Date	Particulars	Amount	Days	Products	Date	Particulars	Amount	Days	Products
19 Mar 1	10 Cash	£ 650	291	159 150	19 Sept 1	By Sundry Debtors	£	4	
18 Sept 18	Sundry Creditors (£ of £ 277/12/6)	788	213	163 371	Jan 1	(£ of £ 281/10/10)	2 588	6	416 840
18 Oct 31	Cash	650	199	119 380		Purchase (£ of £ 50/11/3)	2 58	9	41 912
	" Balance of Products	650	107	89 500		Cash (£ of £ 563/10/3)	9 99	5	343 754
	Balance 6/6	1,871	8	£ 1 001 357	Dec 31	Goodwill	700	5	244 850
		4 828	2			Balance at 1st exact	51	8	
		£ 1 811	8			$\left(\frac{449 926 \times 10}{73/100} \right)$	4 258	2	£ 1 001 357
Dec 31	1 Cash	£ 1 811	8		Dec 31	By Balance b/d	£ 1 811	8	

EXERCISE VIII—No 21

SYKES & SONS JOURNAL

		£	s	d	£	s	d
19							
Feb 21	Consignment Account To Goods on Consignment For goods valued £850 sent to Bailey & Co their Belfast agent	850	—		850	—	
21	Consignment Account To Bankers Discount For transfer of loss on discounting bill	14	3	4	14	3	4
Mar 31	Consignment Account To Bailey & Co For his notification to us of his having paid freight and landing charges on account of consignment	28	13	9	28	13	9
Aug 31	Bailey & Co To Consignment Account For gross proceeds as per Account Sales	1 056	—		1 056		
31	Consignment Account To Bailey & Co Commission on £1 056 @ 3 %	31	13	7	31	13	7
		£1 980	10	8	£1 980	10	8

BILLS RECEIVABLE BOOK

No of Bill	Date	From whom Received	Term	Due Date	Fol	Amount	Remarks
1	19 Feb 21	Bailey & Co.	4 mos	19 June 24		£ 850	Discounted same date Ret red June 24

EXERCISE VIII—No 21 (contd)

SYKES & SON'S LEDGER

Dr.		CONSIGNMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Feb 21	To Goods on C/mnt	850	-	-	Aug 31	By Bailey & Co	1 006	-	-
" 21	" Cash (loss on Discounting Bill)	14	3	4		(Gross proceeds as per A/b)			
Mar 31	" Bailey & Co (Exps)	28	13	9					
Aug 31	" Bailey & Co (Commission)	32	13	7					
" 31	" Balance (profit) to Profit and Loss	131	9	4					
		£1 006	-	-			£1 006	-	-

Dr				BAILEY & Co				Cr			
19			£	s	d	19			£	s	d
June 24	To Cash		850	-	-	Feb 21	By Bills Receivable		850	-	-
Aug 31	" Consignment . . .		1,056	-	-	Mar 31	" Consignment		28	13	9
						May 31	" Cash		450	-	-
						Aug 31	" Consignment		31	13	7
						" 31	" Balance c/d		545	12	8
			£1,906	-	-				£1,906	-	-

Dr		CASH BOOK						Cr	
		Bank				Bank			
19		£	s	d.	19		£	s	d.
Feb 21	To Bills Receivable	850	-	-	Feb 21	By Banker's Discount	14	3	4
May 31	" Bailey & Co	450	-	-	June 24	" Bailey & Co (bill retired)	650	-	-

EXERCISE VIII—No 22

ACCOUNT SALES OF 25 CHESTS OF INDIGO sold by Henry Crichton & Son
on account and risk of Thos Ruffles

	£	s	d	£	s	d
25 Chests of Indigo				1 246	10	8
<i>Charges</i>						
Dock Dues and Insurance	8	10	11			
Cartage	2	15	6			
Storage	3	4	7			
Commission (3% of £1 246/10/8)	37	7	11			
<i>Del credere</i> Commission (2½% of £1 246/10/8)	31	3	3			
				83	2	2
				£1 163	8	6
E & O E						
Bill at three months for £1 163/8/6 enclosed herewith HENRY CRICHTON & SON						

EXERCISE VIII—No 22 (a)

THOS RUFFLES BOOKS (LEDGER)

Dr				CONSIGNMENT ACCOUNT				Cr			
		£	s	d				£	s	d	
19 Feb '01	To Goods on C ment (25 chests Tea @ 51 percht)	1 275			19 May 18	By Hy Crichton & Son (Gross Proceeds as per A/S)		1 246	10	8	
21 May 18	Cash (Freight)	12	12	6	18	Balance (Loss) to Profit and Loss		124	4	-	
	Hy Crichton & & Son (Expenses)	14	11								
" 18	Hy Crichton (Commissions)	68	11	2							
		£1 370	14	8				£1 370	14	8	

Dr				CRICHTON & SON				Cr			
		£	s	d				£	s	d	
19 May 18	To Consignment	1 246	10	8	19 May 18	By Consignment		14	11		d.
					18			68	11		2
					18	Bills Receivable		1 163	8		6
		£1 246	10	8				£1 246	10	8	

EXERCISE VIII—No. 22 (a) (contd.)

THOS RUFFLES' JOURNAL

		£	s	d	£	s	d
19							
Feb 21	Consignment Account.	1,275	-	-	1,275	-	-
	To Goods on Consignment						
	For 25 chests indigo forwarded to H Crichton & Son						
May 18	Crichton & Son .	1,246	10	8	1,246	10	8
	To Consignment Account						
	For gross proceeds as per A/S						
" 18	Consignment Account	14	11	-	14	11	-
	To Crichton & Son						
	For expenses as enumerated in A/S,						
	1c Dock Dues and Insurance (8/10/11)						
	Cartage . . . £2/15/6						
	Storage . . . £3/4/7						
" 18	Consignment Account.	68	11	2	68	11	2
	To Crichton & Son						
	For Commission as under—						
	3% of gross proceeds as per A/S						
	£37/7/11						
	2½% of gross proceeds as per A/S						
	(being <i>del credere</i> Commission)						
	£31/3/3						
" 18	Bills Receivable	1 163	8	6	1 163	8	6
	To Crichton & Son						
	Acceptance at 3 mos for NET proceeds						
	as per Account Sales Bill dated Ap 20						
		£3 768	1	4	£3,768	1	4

EXERCISE VIII—No. 22 (b)

CRICHTON & SON'S BOOKS (LEDGER)

Dr		THOS RUFFLES			Cr				
19		£	s	d	19				
Apr 20	To Cash	14	11	-	Apr 20	By Sundry Debtors	1 246	10	8
" 20	" Commission	68	11	2					
" 20	" Bills Payable	1 163	8	6					
		£1 246	10	8			£1 246	10	8

EXERCISE VIII—No 22 (b) (contd)

CRICHTON & SON'S JOURNAL

		£	s	d	£	s	d
19 Apr 20	Sundry Debtors To Thos Ruffles For sale to sundry debtors of goods received on consignment from Thos Ruffles	1 246	10	8	1 246	10	8
" 20	Thos Ruffles To Cash For expenses enumerated below— Dock Dues and Insurance £8/10/11 Cartage £2/15/6 Storage £3/4/7	14	11	—	14	11	—
" 20	Thos Ruffles To Commission Account For 3% of gross proceeds of sales to debtors i.e. 3% of £1 246/10/8 = £37/7/11 and 2½% (del credere) commission being 2½% of £1 246/10/8 = £31/3/3	68	11	2	68	11	2
" 20	Thos Ruffles To Bills Payable For bill at 3 mos for NET proceeds of account sales	1 163	8	6	1 163	8	6
		£2 493	1	4	£2 493	1	4

EXERCISE VIII—No 23

JOURNAL ENTRIES

			£	s	d	£	s	d
19								
Jan 5	Consignment Account		750	2	9			
	To Goods on Consignment					698	14	8
	Commission					17	9	4
	Insurance					7	10	-
	Freight					26	8	9
.. 6	Bills Receivable		750	2	9			
	To Ah Hee					750	2	9
June 4	Ah Hee		812	18	2			
	To Consignment					812	18	2
	For value of goods sent \$5 453							
	= £750 2 9 plus share of profit \$460		(2,313	3	8	(2,313	3	8
	= £62,15 5							

STATEMENT OF CONVERSIONS

	Rate	\$	£	s	d
Gross Proceeds	2/9	6 872 52	944	19	2
Less Charges i.e. \$326 17 + \$171 82	2/9	497 99	68	9	5
NET Proceeds	2/9	6 374 53	876	9	9
Less Cost of Goods (including Expenses)	2/9	5 465 54	750	2	9
Profit on Venture	2/9	918 99	126	7	-
Actual HALF share	2/9	459 49½	63	3	0
No. of DOLLARS as share	2/9	460 00	63	5	-
Discounted 5th June	2 8½	\$460 00	£62	15	5

LEDGER

Dr						CONSIGNMENT ACCOUNT						Cr					
19 Jan 5	To Goods on C/mnt	£	698	14	8	19 June 4	By Ah Hee	£	812	18	2						
	" Commission		17	9	4												
	" Insurance		7	10	-												
	" Freight		26	8	9												
	" Balance to Profit and Loss		62	15	5												
			(812)	18	2				(812)	18	2						

Dr						CASH ACCOUNT						Cr					
19 Jan 6	To Bills Receivable	£	750	2	9	19 Jan 10	By Insurance	£	7	10	-						
June 4	" Ah Hee		62	15	5	" Freight			26	8	9						

EXERCISE VIII—No 24

I SOLOMON'S JOURNAL

		£	s	d	£	s	d
19 Feb 1	Consignment Account To Goods on Consignment For consignment to Davis & Co Bombay 320 cases brandy @ 23/6 per case F O B	376	—	—	376	—	—
" 15	Davis & Co To Consignment For gross proceeds as per account sales	456	6	8	456	6	8
" 15	Consignment To Davis & Co For expenses and commission as per account sales	18	10	—	18	10	—
		£850	16	8	£850	16	8

ACCOUNT SALES of 320 cases Wine and Spirit sold by Messrs Davis & Co of Bombay for the account and risk of Messrs Isaac Solomon London

19	320 cases Brandy @ 18½ rupees a case				R 5 920	—	—
	<i>Charges</i>						
	Delivery Rent	R 32	—	—			
	Postage	8	—	—			
	Commission—R ½ per case	200	—	—			
					240	—	—
	<i>Net Proceeds</i>				R 5 680	—	—
E & O E	BOMBAY						
	15th February						
Dates	have been assumed DAVIS & Co						

I SOLOMON'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d		£	s	d
9 Feb 1	To Goods on Consignment	376	—	—	19 Feb 15	By Davis & Co	456	6 8
" 1	Cash	13	10	6				
" 15	Davis & Co	18	10	—				
	Balance to Profit and Loss	48	4	2				
		£456	6	8			£456	6 8

EXERCISE VIII—No 24 (contd)

Dr		DAVIS & Co.			Cr				
19 Feb 15	To Consignment	£ 456	s 6	d 8	19 Feb 15	By Consignment	£ 18	s 10	d 8
					"	" Cash	437	16	
		£456	6	8			£456	6	8

Dr		CASH BOOK						Cr		
19 Feb 15	To Davis & Co (Sight Draft of £437/16/8 for Rs 8 680 converted at 1/6½ per rupee)	£ 437	s 16	d 8	19 Feb 1	By Consignment (For disburse- ments for— Insurance £4/17/8 Freight £8/15/1)	£ 13	s 12	d 8	

EXERCISE VIII—No 25

JOHNSON GIBBS & CO'S JOURNAL

19 Jan 1	Consignment Account	£ 106	s 16	d 7	£ 93	s 6	d —
	To Goods on Consignment				12	16	7
	" Freight					2	6
	" Bill of Lading					11	6
	" Insurance						
	For particulars of invoice of goods sent to Messrs Larrissa & Co Bombay	£106	16	7	£106	16	7

MESSRS JOHNSON GIBBS & CO'S LEDGER

Dr		CONSIGNMENT ACCOUNT			Cr	
19 Jan 1	To Goods on C/mnt	£ 93	s 6	d —		
	" Freight	12	16	7		
	" Bill of Lading		2	6		
	" Insurance		11	6		

EXERCISE VIII—No 26

CONSIGNEE'S JOURNAL

MESSRS LARRISSA & Co

		Rs	A	P	Rs	A	P
19 Feb 15	Sundry Debtors To Messrs Johnson Gibbs & Co	1 708	11	8	1 708	11	8
	Messrs Johnson Gibbs & Co To Import Duty	187	15	3			
	Rent Insurance and Commission				17	1	4
	For expenses and commission etc as set forth in Account Sales				170	13	11
		Rs	1 896	10 11	1 896	10	11

CONSIGNEE'S LEDGER

Dr

MESSRS JOHNSON GIBBS & Co

Cr

		Rs	A	P		Rs	A	P
19 Feb 15	To Duty	17	1	4	19 Feb 15	By Sundry Debtors	1 708	11 8
	Insurance	10	13	11				
	“ Cash	15 90	1 2	5				
		Rs	1 708	11 8		Rs	1 708	11 8

Note—Above calculations are in Indian currency

CONSIGNOR'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d		£	s	d
19	To Goods on C/mnt	106	16	7	19	By Larrissa & Co	101	7 8
						Balance to Profit and Loss	5	8 11
		£106	16	7			£106	16 7

Dr

MESSRS LARRISSA & Co

Cr

		£	s	d		£	s	d
19 Feb 15	To Cons. ment	101	7	8	19 Feb 15	By Cash	101	7 8

EXERCISE VIII—No 27

LUX & LUCIFER'S LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19											
Feb 1	To Goods on Consignment (i.e. 500 Lamps @ 18/- each)	£ 450	s -	d -	19	Apr 4	By M. Marconi (Amount recd from Undwts)	£ 72	s -	d -	
	" Cash	8	13	6			" M. Marconi (For his sale of 250 Lamps)	240	-	-	
Apr 4	" M. Marconi	21	2	-			" Stock of 125 Lamps @ 18/- each c/d	112	10	-	
							" Proportion of Expenses c/d (i.e. $\frac{1}{3}$ of £4/13 6)	2	9	4	
							" Balance to Profit and Loss	53	2	1	
		£479	15	6				£479	15	6	

Dr				M. MARCONI				Cr			
19											
Apr 4	To Consignment	£ 72	s -	d -	19	Apr 4	By Consignment	£ 21	s 2	d -	
"		240	-	-	"	"	" Cash	280	18	-	
		£312	-	-				£312	-	-	

Dr				CASH BOOK				Cr			
19											
Apr 4	To M. Marconi	£ 290	s 18	d -	19	Feb 1	By Consignment— Freight £5/18 6 Insur £2/12 6	£ 8	s 12	d 6	

EXERCISE VIII—No 28

Dr				JOINT VENTURE				Cr			
19											
	To Shares A/c (4)	£ 150	s -	d -	19		By Shares A/c (B)	£ 567	s 15	d -	
	" C $\frac{1}{2}$ share of	22	15	-			" C, 30 sh. @ 30/-	475	10	-	
	" D $\frac{1}{2}$ " (Profit)	45	10	-			" D, 60 " @ 30/-	90	-	-	
		£257	5	-				£257	5	-	

(A) Purchase of 1000 Shares @ 30/- + Expenses £10 (B) Sale of 600 Shares @ 32/6, less Expenses £7/5/- (C) Sale of 310 Shares @ 31/- less Expenses £2

EXERCISE VIII—No 28 (contd)

Dr		BANK ACCOUNT					Cr		
19	To C 1 Shares A/c	£ 503 1 006 967 475	s 6 13 15 10	d 8 4 —	19	By Shares A/c C D	£ 1 510 481 962	s — 1 3	d 8 4
		£2 953	5				£2 953	5	

Dr		C			Cr				
13	To Joint A/c Bank	£ 45 481	s — 1	d 8	19	By Cash Joint A/c	£ 503 22	s 6 15	d 8
		£526	1	8			£526	1	8

Dr		D			Cr				
19	To Joint A/c Bank	£ 90 16	s 3	d 4	19	By Cash Joint A/c	£ 1 006 45	s 13 10	d 4
		£1 052	3	4			£1 052	3	4

EXERCISE VIII—No 29

Dr		JOINT ACCOUNT			Cr				
19	To Cash	£ 478 22 950	s — — —	d — — —	19	By Syndicate White (For his taking over balance of Stock)	£ 2 000 950	s — —	d —
	Loss on Shares	293	—						
	Balance to Capital Accounts (For transfer of Profit)	293	—						
	Black $\frac{1}{2}$ share	293	—						
	White $\frac{1}{2}$								
		£2 036					£2 036		

Dr		CAPITAL ACCOUNT—BLACK			Cr				
19	To Syndicate share Cash	£ 0 93	s —	d	19	By Cash Share of Profit of Joint A/c	£ 300 50 293	s — —	d —
		£643					£643		

EXERCISE VIII—No 29 (contd)

Dr		CAPITAL ACCOUNT—WHITE			Cr.				
19	To Joint Account	£ 36	s	d	19	By Cash	£ 150	s	d
	„ Cash	407	-	-		„ Share of Profit of Joint Venture	293	-	-
		£443	-	-			£443	-	-

Dr		SYNDICATE ACCOUNT				Cr			
19	To Joint Account	£	s	d	19	By Cash	£	s	d
		2,000	-	-		" Shares	1,000	-	-
							1,000	-	-
		£2,000	-	-			£2,000	-	-

Dr		SHARES ACCOUNT			Cr				
19	To Syndicate (For 1,000 shares of £1 fully paid)	£ 1,000	s -	d -	19	By Black (Shares taken over at agreed valuation)	£ 50	s -	d -
						Joint Account (For transfer of loss of shares)	850	-	-
		£1,000	-	-			£1,000	-	-

Dr		CASH BOOK				Cr					
19	To Black's Cap A/c	£	300	s	d	19	By Joint A/c (A)	£	478	s	d
	" White's "		150	-	-		" (B)		22	-	-
	Black's Syndicate		50	-	-		" Black's Cap A/c		593	-	-
			1,000	-	-		" White's "		407	-	-
			£1 500	-	-				£1,500	-	-

(A) Cost of Purchases and Expenditures (B) Patent Fees paid by White

Note—The question seems to suggest that White contributed a further £22 but as sufficient cash was available at the time the sum has been regarded as having been paid by WHITE out of such funds

EXERCISE VIII—No 30

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 4	Joint Account To A Lemoine	254	12	6	254	12	6
10	J Carey To Joint Account	138	10	6	138	10	6
14	Joint Account To J Carey	4	8	4	4	8	4
16	Joint Account To A Lemoine	31	4		31	4	
30	A Lemoine To Joint Account	428	15	4	428	15	4
		4	1	9	4	1	9
		£437	17	1	£437	17	1

Dr

CASH BOOK

Cr

	£	s	d		£	s	d
19 Jan 16 30	To Joint Account A Lemoine	237	4	19 Jan 7 9 16 30	By Joint Account A Lemoine Joint Account	4 50 98s 8	0 3 16 6

LEDGER

Dr

JOINT ACCOUNT

Cr

	£	s	d		£	s	d
19 Jan 4 7 9 14 16	To A Lemoine Cash J Carey A Lemoine Balance c/d	254 4 50 31 31	12 6 8 4 4	19 Jan 10 16	By Carey J Cash	138 937	10 4 6
		£375	15			£375	15
Jan 30 "	To Cash Balance to Profit and Loss	8 27	3 2	Jan 30	By Balance b/d A Lemoine	31 4	4 1 9
		£3	5			£30	5

EXERCISE VIII—No 30 (contd)

Dr		A LEMOINE						Cr			
19 Jan 16	To Cash . . .	£ 283	s 16	d 6	19 Jan 4 " 16	By Joint Account " (Share of Profit on venture)	£ 284 31	s 12 4	d 6 -		
		£283	16	6			£283	16	6		
Jan 30	To Joint Account	£	4	1	9	Jan 30	By Cash . . .	£	4	1	9

Note—It has been assumed that A Lemoine has refunded £4 1s 9d, which was an amount included in balance sent him on 16th—being in excess of correct amount

EXERCISE IX—No 1

THE SECTIONAL SYSTEM OF BALANCING is a system wherein accounts are classified and grouped under particular categories for facility in control of posting

Personal Accounts are classified into those of Debtors and Creditors and a separate ledger is kept for each. The purpose served by this method is to prove each ledger independently, which purpose is effected by an adjustment account

The advantages of Sectional Balancing are—

(a) Errors are localized to each separate ledger and reduce the necessary scope of investigation to one or other of the numerous ledgers, for all ledgers are self-balancing

(b) Economy of time and effort are effected. The clerical staff can be conveniently allocated to writing up the various ledgers etc as against the loss of time caused by members of the staff waiting to do work in the LEDGER while some other member is "entering up" or "posting"

The alterations in X Y Z & Co's books necessary to make them completely "sectional" balancing are—

(a) To reduce the "Private and Nominal" Ledger to two ledgers, i.e. (1) 'Private' and (2) 'Nominal'

(b) The Journal and Bank Cash Books to have appropriate analysis columns for all ledgers kept (See also *Advanced Accounts* Chapter IX.)

EXERCISE IX—No 2

This question is explained fully in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 3

The uses of the JOURNAL are adequately dealt with in Chapter I of *Advanced Accounts*

The entries to be found in the JOURNAL of a business in which ledgers are balanced independently will be found elaborated in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 4

J GARSIDE'S SALES (DEBTORS) LEDGER

Dr				GENERAL LEDGER ADJUSTMENT ACCOUNT				Cr			
19			£	s	d	19		£	s	d	
Jan 31	To Returns Inwards		942	-	-	Jan 1	By Balance	12 542	-	-	
31	" Cash	15 621	-	-		31	Sales	21 858	-	-	
" 31	" Discounts Allowed	968	-	-		31	Bills Receivable (dishonoured)	542	-	-	
" 31	" Bills Receivable	3 471	-	-							
" 31	" Balance c/d	13 740	-	-							
		£ 34 742						£ 34 742			
						Jan 31	By Balance b/d	13 740			

EXERCISE IX—No 5

SALES JOURNAL

Date	No of Invoice	Particulars	Fol	Total	TOWN LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£	s	d	£	s	d	£	s	d

Date	No of Invoice	Particulars	Fol	Total	COUNTRY LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£	s	d	£	s	d	£	s	d

Note—It is probable that a separate JOURNAL would be kept for each, as illustrated.

EXERCISE IX--No 6.

(THIS SIDE)

BANK CASH BOOK

LEDGERS

[illegible]

(CREDIT SIZE)

Date	Particulars	For	Discount	Cash	Bank	Bought (1)	Bought (2)	Sales (1)	Sales (2)	General
			£ 12 d	£ 10 d	£ 10 d	£ 12 d	£ 12 d	£ 12 d	£ 12 d	£ 12 d

To show above in relation to the Self-balancing of Ledgers, it would be necessary to post to accounts in the ordinary way, and then to show the "aggregate figures" of each analysis column in the relative adjustment accounts.

EXERCISE IX--No 7

SALES BOOK

TRIAL BALANCE Debits

19			£	s	d			£	s	d
Mar	6	J Crow	175	6			J Crow	128	10	
	10	T Finch	190	13	4		T Finch	180	13	4
	11	L Lark	50				R Rob n	100		
	14	R Rob n	135	11	8					
	18	J Crow	28	0						
							General Ledger	£409	3	4
			£570	1	8		Adjus ment A c Cr	409	3	4

CASH BOOK

Date	Particulars	Fol	Debit	Amount	Date	Particulars	Fol	Amount
19 Mar 2	To J Crow		£ 10 12 6	£ 210	19 Mar 6	By J Crow		£ 1 13 4
7	T Finch		3 17 6	147		(Carr age)		
17	R Robson			35 11 8	31	Balance o/d		723 8 4
21	J Jay			255 10				
27	J Crow			77				
		£	14 10	£ 7 5 1 8				£ 725 1 8
Mar 31	To Bal b/d			723 8 4				

SALES LFD CER

Dr		JAMES CROW			Cr	
19		£	s	d	19	
Mar 1	To Balance	220	19	6	Mar 2	By Cash
6	Sa es	175	6	6	2	Discount
6	Cash (Carriage)	1	13	4	27	Cash
16	Sa es	28	10		31	Balance c/d
		£428	2	6		
Mar 31	To Balance b 1	128	10			

THOMAS FINCH

Dr		THOMAS FINCH					Cr		
19 Mar 1	To Balance	£	s	d	19 Mar 7	By Cash	£	s	d
10	Sales	150	17	6	7	Discount	3	17	6
		180	13	4	31	Balance c/d	180	13	4
		£331	10	10			£331	10	10
Mar 31	To Balance b/d	180	13	4					

JOHN JAY

Dr		JOHN JAY				Cr			
19 Mar 1	To Balance	£ 270	s 4	d 6	19 Mar 21	By Cash Bad Debts	£ 255 14	s 10 14	d - 6
		£2 0	4	6			£270	4	6

EXERCISE IX—No 7 (contd).

Dr		L. LARK			Cr				
19 Mar 11	To Sales . . .	£ 50	s -	d -	19 Mar 31	By Bought Ledger Adjustment (Amt transd)	£ 50	s -	d -

Dr		R. ROBIN			Cr				
19 Mar 14	To Sales . . .	£ 135	s 11	d 8	19 Mar 17 " 31	By Cash " Balance c/d	£ 35 100	s 11 -	d 8 -
		£135	11	8			£135	11	8

Note—L. Lark's item has been regarded as one requiring transfer to the Bought Ledger hence difference from the figure in *Advanced Accounts* list of Answers

Either answer is correct

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr	
19		£	s	d	19	
Mar 31	To Cash	725	1	8	Mar 1	By Balance
" 31	Discounts	14	10	-		(Total of Sales
" 31	Bad Debts	14	14	6		Ledger Bal.
" 31	" Bought Ledger					b/d)
" 31	Adjustment A/c	50	-	-	" 31	" Sales
" 31	Balance c/d	409	3	4		(Total of Sales
					" 31	Book)
					" 31	" Cash
						(Amount paid
						on account of
						carriage)
		£1 213	9	8		
						£1 213
						8
						8
					Mar 31	By Balance b/d
						409
						3
						4

EXERCISE IX—No 8

MESSRS JAMES OGDEN & CO'S SALES LEDGER

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Dec 31	To Returns Inwards	691	12	4	June 30	By Debtor Balances	28 394	12	6
" 31	" Cash	41 344	8	6	Dec 31	" Sales	58 421	10	8
" 31	" Discs allowed	1 504	9	3	" 31	" Bills Receivable (dishonoured)	500	-	-
" 31	" Bills Receivable	4 210	1	2	" 31	" Sundry Charges	29	4	6
" 31	" Bad Debts	942	10	-					
" 31	" Balance c/d	38 702	6	9					
		£ 87,395	7	8	Dec 31	By Balance b/d	38 702	6	9

EXERCISE IX—No 8 (contd)

MESSRS JAMES OGDEN & CO'S GENERAL LEDGER

Dr SALES LEDGER ADJUSTMENT ACCOUNT Cr

19		£	s	d	19		£	s	d
June 30	To Debtors Bal.	28 394	12	6	Dec 31	By Returns Inwards	691	12	
Dec 31	Sales	58 421	19	8	31	Cash	41 344	8	6
31	B is Receivable (D honoured)	550	—		31	D sets allowed	1 504	9	3
31	Sundry Charges	29	4	6	31	B is Receivable	4 210	1	2
					31	Bad Debts	942	10	
					31	Balance c/d	38 702	6	9
		£ 87 395	7	8			£ 87 395	7	8
Dec 31	To Balance b/d	38 702	6	9					

EXERCISE IX—No 9

PURCHASES BOOK

BOUGHT LEDGER
TRIAL BALANCE

19		£	s	d	Cr drs	£	s	d
Jan 3	S Smith	76	13	2	S Smith	76	13	2
10	P Brown	134	16	8	B Brown	134	16	8
17	J Jones	55	2	11	J Jones	80	8	2
21	T Thompson	66	4	9	T Thompson	66	4	9
24	H Hewitt	173	12	3	H Hewitt	225	10	3
30	L Lovejoy	157	6	10	L Lovejoy	157	6	10
		£ 663	16	7		£ 741	19	10

RETURNS OUTWARDS BOOK

19		£	s	d	Debits	£	s	d
Jan 11	J Jones	13	14	8	General Ledger Adj			
18	L Lovejoy	17	6	11	ustment A/c	£ 741	19	10
		£ 31	1	7				

Dr CASH BOOK Cr

Date	Particulars	Debit	Bank
19		£	£
Jan 5	By L. Lovejoy	9 4 9	175 10 10
12	H Hewitt		50
19	T Thompson	2 14 2	61 9 7
23	J Jones		40
29	B Brown	3 18 3	74 6 5
31	S Smith	10 6 11	196 10 9
		£ 26 4 1	£ 87 17 -

EXERCISE IX—No 9 (contd)

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount	Amount
1	19 Jan 4	Brown, A . . .				£ 3 16 6	£ 74 12 -
2	" 26	Hewell, M. . .				3 5 9	62 9 9
						£ 7 4 3	£ 137 1 9

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT Cr

19 Jan 1	To Ledger Balances	£ 887 12 8	19 Jan 31	By Returns	£ 31 1 7
" 31	Purchases (as per Purchases Book)	663 16 7	" 31	" Cash	587 17 7
			" 31	" Discs received	33 8 4
			" 31	" Bills Payable	177 1 9
			" 31	" Balance c/d	741 19 10
		£ 1 531 9 1			£ 1 531 9 1
Jan 31	To Balance b/d	741 19 10			

A ALLCOTT'S BOUGHT LEDGER

Dr S SMITH Cr

19 Jan 31	To Cash	£ 196 10 9	19 Jan 1	By Balance	£ 206 17 8
" 31	" Discount	10 6 11	" 3	" Purchases	76 13 2
" 31	" Balance c/d	76 13 2			£ 283 10 10
		£ 283 10 10			
			Jan 31	By Balance b/d	76 13 2

Dr B BROWN Cr

19 Jan 4	To Bills Payable	£ 74 12 8	19 Jan 1	By Balance	£ 196 15 2
" 4	" Discount	3 18 6	" 10	" Purchases	134 16 8
" 25	" Cash	74 6 5			£ 291 11 10
" 25	" Discount	3 16 3			
" 31	" Balance c/d	174 16 5			£ 291 11 10
		£ 291 11 10			
			Jan 31	By Balance b/d	134 16 8

Dr J JONES Cr

19 Jan 11	To Returns O/w'd	£ 13 14 8	19 Jan 1	By Balance	£ 78 19 11
" 23	" Cash	40 - -	" 17	" Purchases	55 2 11
" 31	" Balance c/d	80 8 2			£ 134 2 10
		£ 134 2 10			
			Jan 31	By Balance b/d	80 8 2

EXERCISE IX—No 9 *contd*)

Dr			T THOMPSON			Cr		
19			£	s	d	19		
Jan 19	To Cash	51	9	7	Jan 1	By Balance	51	9
19	D ount	2	14	2	21	Pur hases	66	4
31	Balance c/d	66	4	9				
		£120	8	6			£120	8
					Jan 31	By Balance b/d	66	4
								9

Dr			H HEWITT			Cr		
19			£	s	d	19		
Jan 12	To Cash	50			Jan 1	By Balance	169	13
28	Bills Payable	62	9	9	24	Purchases	173	12
28	D ount	3	5	9				
31	Balance c/d	296	10	3				
		£342	5	9			£342	5
					Jan 31	By Balance b/d	226	10
								3

Dr			L LOVEJOY			Cr		
19			£	s	d	19		
Jan 5	To Cash	170	10	10	Jan 1	By Balance	202	2
28	D ount	9	4	9	30	Purchases	157	6
28	Returns O wards	17	6	11				
31	Balance c/d	157	6	10				
		£309	9	4			£309	9
					Jan 31	By Balance b/d	157	6
								10

EXERCISE IX—No 10

PURCHASES BOOK

		£	s	d
19				
Mar 4	L. Luke	247	9	3
11	M. Matthew	60	14	8
18	J. John	74	10	2
27	M. Mark	127	6	11
28	P. Paul	48	15	6
30	S. Silas	165	18	10
		£728	15	4

RETURNS OUTWARDS BOOK

		£	s	d
19				
Mar 13	P. Paul	27	10	6
27	M. Matthew	36	15	2
		£64	5	8

BOUGHT LEDGER
TRIAL BALANCE

			Credits		
		£	s	d	
	L. Luke	202	2	6	
	M. Matthew	157	6	10	
	J. John				
	M. Mark				
	P. Paul				
	S. Silas				
		£309	9	4	
		157	6	10	

			Debits		
		£	s	d	
	General Ledger Adjustment A/c	1153	19	7	

EXERCISE IX—No 10 (cont'd)

Dr		CASH BOOK				Cr.				
		Date	Particulars	Disc		Bank				
		19								
	Mar 6		By S. Selas	£	s	d	£	s	d	
	" 13		" P. Paul	6	-	5	114	7	10	
	" 20		" M. Mack	10	6	10	196	10	-	
	" 24		" J. John	9	5	11	176	13	-	
	" 26		" M. Matthew				100			
	" 31		" L. Luke				50			
				£	28	13	2	717	11	10

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount	Amount
1	19					£ 8	132
2	Mar 12	L. Lule				s - 10	s 16
	23	S. Solas				10	9
						19	7
						6	3
						249	1

P ZUCKER S BOUGHT LEDGER

Dr		L LUKE					Cr		
19 Mar 12	To B/Ls Payable	£ 152	s 16	d	19 Jan 1	By Balance	£ 265	s 16	d 4
12	Discount	8	-	10	Mar 4	" Purchases	247	9	3
31	Cash	50							
31	Balance c/d	302	8	0					
		£ 313	4	7			£ 513	5	7
					Mar 31	By Balance b/d	302	8	9

M. MATTHEW

Dr.		M. MATTHEW						Cr.		
19		£	s	d	19		£	s	d	
Mar 26	To Cash	100			Jan 1	By Balance	437	9	2	
, 27	Returns O/wards	36	15	2	Mar 11	" Purchases	65	14	8	
, 31	Balance c/d	366	8	8						
		£103	8	10			£503	3	10	
					Mar 31	By Balance b/d	366	8	8	

EXERCISE IX—No 10 (contd)

Dr				J JOHN				Cr			
19			£	s	d	19		£	s	d	
Mar 24	To Cash	176	13			Jan 1	By Balance	185	18	11	
24	D account	a	5	11		Mar 18	Purchases	73	10	2	
31	Balance c/d	73	10	2							
		£259	9	1				£259	9	1	
					Mar 31	By Balance b/d		73	10	2	

Dr		M MARK				Cr			
19		£	s	d	19		£	s	d
Mar 20	To Cash	196	10		Jan 1	By Balance	206	18	10
20	D account	10	6	10	Mar 22	Purchases	127	6	11
31	Balance c/d	127	6	11					
		<u>£334</u>	3	9			<u>£334</u>	3	9
					Mar 31	By Balance b/d	127	6	11

Dr		P PAUL					Cr		
19		£	s	d	19		£	s	d
Ma 13	To Returns O'wards	27	10	6	Jan 1	By Balance	147	14	9
13	Cash	114	7	10	Mar 25	Purchases	48	15	6
13	D account	6		5					
31	Balance c/d	48	15	6					
		£196	14	3			£196	14	3
					Mar 31	By Balance b/d	48	15	6

Dr			S SILAS			Cr			
19		£	s	d	19		£	s	d
Mar 6	To Cash	80			Jan 1	By Balance	356	6	8
25	Bills Payable	196	9	1	Mar 30	Purchases	165	18	10
25	D account	10	6	10					
31	Balance c/d	235	9	7					
		£522	5	6			£522	5	6
					Mar 31	By Balance b/d	235	9	7

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 1	To Led er Balances	1 690	6	8	Mar 31	By Returns O'wards	64	5	8
Mar 31	" Purchases	728	15	4	31	Cash	717	10	10
					31	Dxcts rece ved	44		10
					31	Bills Payable	349	5	1
					31	Balance c/d	1 153	19	7
		£2 379	2				£2 379	2	
Mar 31	To Balance b d	1 153	19	7					

EXERCISE IX—No. 11.

SALES BOOK

		£	s	d
19 July 3	B Beard . . .	82	10	8
" 10	C Cowan . . .	74	2	11
" 17	D Doggett . .	165	17	4
" 21	E Eley . . .	129	13	6
" 24	F Foxwell . .	88	18	8
" 30	G Graves . . .	99	19	9
		£612	2	10

SALES LEDGER
TRIAL BALANCE

			<i>Debits</i>		
			£	s	d
B Beard, . . .			82	10	8
C Cowan . . .			137	10	11
D Doggett . .			165	17	4
E Eley . . .			129	13	6
F Foxwell . .			118	18	8
G Graves . . .			99	19	9
			£725	1	6

RETURNS INWARDS BOOK

		£	s	d
19 July 4	G Graves . . .	23	19	11
" 23	C Cowan . . .	16	12	9
		£40	12	8

			<i>Credits</i>		
			£	s	d
General Ledger Adjustment A/c			725	1	6

Dr

CASH BOOK

Cr

Date	Particulars	Disct.			Bank.								
		£	s	d	£	s	d						
19 July 8	To G Graves	8	2	3	154	2	6						
" 12	" F Foxwell				90								
" 19	" E Eley	4	17	8	92	16	2						
" 23	" D Doggett	4	5	3	80	19	3						
" 25	" C Cowan	2	17	6	54	12	8						
" 31	" B Beard				49								
		£20	2	8	£472	10	7						

BILLS RECEIVABLE BOOK

No of Bill	Date	From Whom Received	Tenor	Due Date	Fol	Discount			Amount		
						£	s	d	£	s	d
1	19 July 6	F Foxwell				4	15	9	90	19	5
2	" 26	B Beard . .				3	6	10	63	9	10
						£8	2	7	£154	9	3

EXERCISE IX—No 11 (contd)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
July 31	To Returns Inwards	40	12	8	July 1	By Ledger Balances	808	16	5
31	Cash	472	10	7	31	Sales	612	2	10
31	D set allowed	28	5	3					
31	D W Receivable	154	9	3					
31	Balance c/d	72	1	6					
		£140	19	3			£1420	19	3
					July 31	By Balance b/d	725	1	6

E BROCKWELL'S SALES LEDGER

Dr		B BEARD						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	126	7	4	July 26	By Bills Receivable	63	9	10
3	Sales	67	10	8	26	D account	3	6	10
					31	Cash	40		
					31	Balance c/d	82	1	4
		£88	18				£188	18	
July 31	To Balance b/d	82	1	4					

Dr		C COWAN						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	157	10	11	July 23	By Returns Inwards	16	10	9
10	Sales	74	2	11	23	Cash	54	12	8
					23	D accounts	2	17	6
					31	Balance c/d	137	10	11
		£211	13	10			£211	13	10
July 31	To Balance b/d	157	10	11					

Dr		D DOGGETT						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	8	4	6	July 23	By Cash	80	19	3
17	Sales	165	17	4	23	D account	4	5	3
					31	Balance c/d	167	17	4
		£251	1	10			£251	1	10
July 31	To Balance b/d	165	17	4					

Dr		E ELEY						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	87	13	10	July 19	By Cash	97	16	2
21	Sales	170	13	6	19	D account	4	17	8
					31	Balance c/d	120	13	6
		£218	7	4			£218	7	4
July 31	To Balance b/d	170	13	6					

EXERCISE IX—No 11 (contd)

Dr		F FOXWELL						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance . .	175	15	2	July 6	By Bills Receivable	90	19	5
" 24	" Sales . . .	88	13	8	" 6	" Discount	4	15	3
					" 12	" Cash	50	-	-
					" 31	" Balance c/d	118	18	8
		£264	13	10			£264	13	10
July 31	To Balance b/d	118	18	8					

Dr		G GRAVES						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance . .	186	4	8	July 4	By Returns Inwards	23	19	11
" 30	" Sales . . .	99	19	9	" 5	" Cash	154	2	6
					" 5	" Discount	8	2	3
					" 31	" Balance c/d	99	19	9
		£285	4	5			£285	4	5
July 31	To Balance b/d	99	19	9					

EXERCISE IX—No 12

SALES BOOK

19		£	s	d
Oct 4	A Andrews	185	12	11
" 11	B Bunnie	195	10	10
" 18	C Carter	156	11	5
" 22	O Orlord	163	12	7
" 25	P Peel	199	19	9
" 31	T Turner	147	17	6
		£1090	5	2

RETURNS INWARDS BOOK

19		£	s	d
Oct 8	P Peel	15	14	7
" 23	B Bunnie	16	10	8
		£32	5	3

SALES LEDGER
TRIAL BALANCE

		Debits		
		£	s	d
A Andrews		223	8	9
B Bunnie		196	10	10
C Carter		156	11	5
O Orlord		163	12	7
P Peel		199	19	9
T Turner		227	17	-
		£1167	17	1

		Credits		
		£	s	d
General Ledger Ad justment Account		£1167	17	10

BILLS RECEIVABLE BOOK

No of Bill	Date	From Whom Received	Tenor	Due Date	For	Discount	Amount
1	19 Oct 7	A Andrews			£	s	d
2	29	T Turner			4	6	9
					3	15	8
					£8	2	7
					£82	8	5
					71	17	10
					£154	6	3

EXERCISE IX—No 12 (contd)

CASH BOOK
(DEBIT SIDE)

Date	Particulars	Fol	Discount			Bank		
			£	s	d	£	s	d
19 Oct 6	To T Turner	.				70	—	—
13	P Peel	.	5	11	1	105	10	—
20	O Orford		10	7	8	197	5	6
24	C Carter		8	8	10	160	7	10
27	B Binnie		8	2	3	174	2	6
31	A Andrews					20		—
			£32	9	10	£737	6	1

G GARDENER'S SALES LEDGER

Dr		A ANDREWS					Cr		
19		£	s	d	19		£	s	d
Oct 1	To Balance	174	10	6	Oct 7	By Bills Receivable	82	8	5
4	Sales	185	12	11	7	Discount	4	6	9
					31	Cash	50		
					31	Balance c/d	223	8	3
		£360	3	5			£360	3	5
Oct 31	To Balance b/d	223	8	3					

Dr		B BINNIE				Cr			
19 Oct 1	To Balance	£ 178	s 15	d 5	19 Oct 23	By Returns Inwards	£ 16	s 10	d 8
11	Sales	196	10	10	27	Cash	124	2	6
					27	Discount	8	2	3
					31	Balance c/d	196	10	10
		£375	6	3			£375	6	3
Oct 31	To Balance b/d	196	10	10					

Dr		C CARTER				Cr			
19 Oct 1	To Balance	£ 168	s 16	d 8	19 Oct 24	By Cash	£ 160	s 7	d 10
18	Sales	176	11	5	24	Discount	8	8	10
					31	Balance c/d	156	11	5
		£35	8	1			£35	8	1
Oct 31	To Balance b/d	156	11	5					

EXERCISE IX—No 12 (contd)

EXERCISE IX—No 12 (contd.)

Dr

O ORFORD

Cr

19		£	s	d	19		£	s	d
Oct 1	To Balance	207	13	2	Oct 20	By Cash	197	5	6
" 22	" Sales	163	12	7	" 20	" Discount	10	7	8
					" 31	" Balance c/d	163	12	7
		£371	5	9			£371	5	9
Oct 31	To Balance b/d	163	12	7					

Dr		P PEEL				Cr			
		£	s	d			£	s	d
19					19				
Oct 1	To Balance	126	15	11	Oct 8	By Returns Inwards	15	14	7
" 20	" Sales	199	19	9	" 13	Cash	105	10	3
					" 13	Discount	5	11	1
					" 31	" Balance c/d	199	19	9
		£326	13	8			£326	13	8
Oct 31	To Balance b/d	199	19	9					

Dr		T TURNER				Cr	
19		£	s	d	19		£ s d
Oct 1	To Balance	180	10	10	Oct 6	By Cash	70 - -
" 31	" Sales	187	17	8	" 29	" Bills Receivable	71 17 10
					" 29	" Discount	3 13 8
					" 31	" Balance c/d	227 13 -
		£373	8	6			£373 8 6
Oct 31	To Balance b/d	227	15				

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT				Cr			
		£	s	d		£	s	d	
19					19				
Oct 31	To Returns Inwards	32	5	3	Oct 1	By Ledger Balances	1 042	2	6
" 31	Cash	237	6	1	" 31	" Sales	1,090	5	2
" 31	" Discs Allowed	40	12	3					
" 31	" Bills Receivable	154	6	3					
" 31	" Balance c/d	1 167	17	10					
		£2 132	7	8			£2 132	7	8
					Oct 31	By Balance b/d	1 167	17	10

EXERCISE IX- No 13

PURCHASES BOOK

19		£	s	d
Jan 1 31	Horsham	274		
	Pigott	998		-
	Manton	237		-
	Coles	196	-	
	Day	189		
	Bullen	285		-
		71 479		

SALES BOOK

19		£	s	d
Jan 1-31	Moore	276		
	Roberts	365	-	-
	Harrison	198	-	-
	Squires	457	-	-
	Farrow	584	-	-
	Lonsdale	343	-	-
		£2 223		-

BOUGHT LEDGER
TRIAL BALANCE

13	Horsham	£	274
	Pelgott		298
	Mantori		737
	Coles		196
	Day		189
	Bullen		295
	General Led r Ad justment A/c	1 479	
		1 479	1 479

SALES LEDGER
TRIAL BALANCE

19	Moore Roberts Hartson Squires Farrow Lonsdale General Ledger Ad justment A c	76 362 98 427 284 343	6
		2 223	
		2 223	2 223

Dr (RECEIPTS)

CASH BOOK

(PAYMENTS) Cx

Names of Account	Ds count	Bank	Sal es Led	Gen Led	Name of Account	Ds count	Bank	Bght Led	Gen Led
To Balance		£ 172		£ 172	By Hornham	£ 11	£	£	£
Moore	28	546	574		Piggott	17	333	350	
" Roberts	10	196	206		Manton	13	259	272	
" Harrison	29	466	495		Coles	15	299	314	
Squires	18	351	369		Day	14	271	285	
" Farrow	28	215	573		Bullen	13	250	263	
" Lonsdale	21	407	428		Sundry Exps		263		263
					Graham's				
					Drawings		35		35
					Winder's				
					Drawings		35		35
					Salaries		75		75
					Wages		125		125
					Balance c/d		2 066		2 066
	£134	£4 236	£ 645	£1 725		£83	£4 236	£1 720	£2 066
Jan 31 To Bal b/d		2 066		- 066					

EXERCISE IX—No 13 (contd)

OPENING ENTRIES

GENERAL LEDGER
TRIAL BALANCE

		£	£			£	£
19							
Jan 1	Cash	1 725		Cash	2,586		
	Stock	2 750		Discounts Allowed	134		
	Debtors	2 645		Stock	2 750		
	Plant and Machinery	2,550		Purchases	1,479		
	To Creditors		1,720	Sundry Expenses	263		
	" Capital A/cs—			Salaries	75		
	Graham		3 975	Wages	125		
	Winder		3 975	Plant and Machinery	2 550		
		£9 670	£9,670	Sales Ledger Adjust A/c	2,223		
				Graham's Drawings	55		
				Winder's Drawings	35		
				Sales		2,223	
				Discounts Received		83	
				Bought Ledger Adjust A/c		1,479	
				Capital Accounts—			
				Graham		3 975	
				Winder		3,975	
					£11,735	£11,735	

Messrs Graham & Winder

TRADING ACCOUNT

FOR MONTH ENDING 31ST JAN, 19 .

		£	s	d
(Dr. side)	To Stock 1st Jan	2 750	-	-
	Purchases	1 479	-	-
	Wages	125	-	-
	" Balance (gross profit) c/d	1 019	-	-
		£5,373	-	-
(Cr. side)	By Sales	2 223	-	-
	" Stock, 31st Jan	3 150	-	-
		£5,373	-	-

Messrs Graham & Winder

PROFIT AND LOSS ACCOUNT

Dr FOR THE MONTH ENDED 31ST JANUARY, 19 . Cr

		£	s	d			£	s	d
To Discounts Allowed	134	-	-		By Trading Account	1 019	-	-	
" Sundry Expenses (including £125 doc)	263	-	-		" Discounts Received	83	-	-	
" Salaries	75	-	-						
" Provision for Bad Debts Res.	100	-	-						
" Depreciat on of Plant (12% of £2 550 for 1 mth)	25	10	-						
" Interest on Capital A/cs—									
Graham	16	11	3						
Winder	18	11	3						
" Balance (net profit) to Cap Accounts—									
Graham, 1 share	173	3	9						
Winder, "	173	3	9						
	£1 102	-	-			£1 102	-	-	

EXERCISE IX—No 13 (contd)

Messrs Griham & Winder

BALANCE SHEET AS AT 31ST JANUARY 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	1 479	—	—	Cash	2 066	—	—
Reserve for Out standing Exps	125	—	—	Debtors	2 123	—	—
Capital Accounts—				Stock	3 150	—	—
Graham	4 129	15	—	Plant & Machinery	2 524	10	—
Winder	4 129	15	—	(NET)			
	£9 863	10	—		£9 863	10	—

BOUGHT LEDGER

Dr

HORSHAM

Cr

19 Jan —	To Cash	£	s	d	19 Jan 1	By Balance	£	s	d
—	Discount	225	—	—	—	Purchases	236	—	—
" 31	Balance c/d	11	—	—			274	—	—
		2 4	—	—			£510	—	—
		£510	—	—	Jan 31	By Balance b/d	274	—	—

Dr

PIGGOTT

Cr

19 Jan —	To Cash	£	s	d	19 Jan 1	By Balance	£	s	d
—	Discount	333	—	—	—	Purchases	330	—	—
" 31	Balance c/d	17	—	—			298	—	—
		298	—	—			£648	—	—
		£648	—	—	Jan 31	By Balance b/d	298	—	—

Dr

MANTON

Cr

19 Jan —	To Cash	£	s	d	19 Jan 1	By Balance	£	s	d
—	Discount	259	—	—	—	Purchases	272	—	—
" 31	Balance c/d	13	—	—			237	—	—
		237	—	—			£500	—	—
		£500	—	—	Jan 31	By Balance b/d	237	—	—

EXERCISE IX—No. 13 (contd.)

Dr		COLES					Cr.		
19		£	s	d	19		£	s	d
Jan 1	To Cash	299	-	-	Jan 1	By Balance	314	-	-
"	Discount	15	-	-	"	" Purchases	196	-	-
" 31	Balance c/d	196	-	-					
		£310	-	-			£310	-	-
					Jan 31	By Balance b/d	196	-	-

Dr		DAY			Cr				
19		£	s	d	19				
Jan 1	To Cash	271	-	-	Jan 1	By Balance	£	s	d
"	" Discount	14	-	-	"	Purchases	265	-	-
" 31	" Balance c/d	189	-	-			189	-	-
		£474	-	-			£474	-	-
					Jan 31	By Balance b/d	189	-	-

Dr		BULLEN			Cr				
19		£	s	d	19				
Jan —	To Cash	250	—	—	Jan 1	By Balance	£	s	d
—	Discount	13	—	—	—	Purchases	263	—	—
31	Balance c/d	285	—	—			285	—	—
		£548	—	—			£548	—	—
					Jan 31	By Balance b/d	285	—	—

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT										Cr	
		£	s	d			19		£	s	d		
Jan 1	To Balance	1 720	-	-	Jan 31	By Cash	1 837	-	-				
" 31	Purchases	1 479	-	-	" 31	Discount Received	83	-	-				
					" 31	Balance c/d	1 479	-	-				
		£3 199	-	-					£3 199	-	-		
Jan 31	To Balance b/d	1 479	-	-									

SALES LEDGER

Dr		MOORE				Cr			
19		£	s	d	19		£	s	d
Jan 1	To Balance	274	-	-	Jan 1	By Cash	545	-	-
"	Sales	216	-	-	" 31	Discount	28	-	-
		£890				Balance c/d	276	-	-
Jan 31	To Balance b/d	276					£890	-	-

EXERCISE IX—No 13 (*contd*)

<i>Dr</i>		ROBERTS						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 908	-	-	19 Jan —	By Cash	£ 198	-	-	-
" —	Sales	365	-	-	" 31	Discount	10	-	-	-
						Balance c/d	365	-	-	-
		£ 1271	-	-			£ 571	-	-	-
Jan 31	To Balance b/d	365	-	-						

<i>Dr</i>		HARRISON						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 495	-	-	19 Jan —	By Cash	£ 486	-	-	-
" —	Sales	198	-	-	" 31	Discount	29	-	-	-
						Balance c/d	198	-	-	-
		£ 693	-	-			£ 693	-	-	-
Jan 31	To Balance b/d	198	-	-						

<i>Dr</i>		SQUIRES						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 509	-	-	19 Jan —	By Cash	£ 351	-	-	-
" —	Sales	457	-	-	" 31	Discount	14	-	-	-
						Balance c/d	457	-	-	-
		£ 966	-	-			£ 818	-	-	-
Jan 31	To Balance b/d	457	-	-						

<i>Dr</i>		FARROW						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 573	-	-	19 Jan —	By Cash	£ 545	-	-	-
" —	Sales	584	-	-	" 31	Discount	28	-	-	-
						Balance c/d	584	-	-	-
		£ 1157	-	-			£ 1157	-	-	-
Jan 31	To Balance b/d	584	-	-						

<i>Dr</i>		LONSDALE						<i>Cr</i>		
		£	s	d				£	s	d
19 Jan 1	To Balance	£ 428	-	-	19 Jan —	By Cash	£ 407	-	-	-
" —	Sales	343	-	-	" 31	Discount	21	-	-	-
						Balance c/d	545	-	-	-
		£ 771	-	-			£ 771	-	-	-
Jan 31	To Balance b/d	343	-	-						

EXERCISE IX—No 13 (contd.)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Jan 31	To Cash	2 511	-	-	Jan 1	By Ledger Balances	2 845	-	-
" 31	Discounts	134	-	-	" 31	" Sales	2 223	-	-
" 31	Balance c/d	2 223	-	-		(as per SalesBk.)			
		(4 863)	-	-			(4 863)	-	-
					Jan 31	By Balance b/d	2,223	-	-

Dr.		GENERAL LEDGER STOCK ACCOUNT						Cr	
19		£	s	d					
Jan 1	To Balance	2 750	-	-					

Dr		PURCHASES ACCOUNT						Cr.	
19		£	s	d					
Jan 31	To Sundries	1,479	-	-					

Dr		SALES ACCOUNT						Cr.	
					19		£	s	d
					Jan 31	By Sundries	2 223	-	-

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
					19		£	s	d
					Jan 31	By Sundries	63	-	-

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr	
19		£	s	d					
Jan 31	To Sundries	134	-	-					

Dr		SUNDRY EXPENSES ACCOUNT						Cr	
19		£	s	d					
Jan -	To Cash	263	-	-					

Dr		WAGES ACCOUNT						Cr	
19		£	s	d					
Jan -	To Cash	123	-	-					

EXERCISE IX—No 13 (contd)

Dr		SALARIES ACCOUNT						Cr	
19 Jan —	To Cash	£	75	s	—	d	—		

Dr		PLANT AND MACHINERY ACCOUNT						Cr	
19 Jan 1	To Balance	£	2 500	s	—	d	—		

Dr		PARTNERS DRAWINGS ACCOUNT						Cr	
19 Jan —	To Cash (Graham)	£	35	s	—	d	—		
	(Winder)	35	—	—					

Dr		CAPITAL ACCOUNT—GRAHAM						Cr	
						19 Jan 1	By Balance	£	3 875 s — d —

Dr		CAPITAL ACCOUNT—WINDER						Cr	
						19 Jan 1	By Balance	£	3 875 s — d —

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT						Cr	
19 Jan 31	To Cash	£	1 637	s	—	d	—	19 Jan 1	By Ledger Balances
31	Discts Received	83	—	—				31	Purchases
" 31	Balance c/d	1 479	—	—					
		£3 199	—	—					
						Jan 31	By Balance b/d	£	1 479

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr	
19 Jan 1	To Ledger Balances	£	2 643	s	—	d	—	19 Jan 31	By Cash
" 31	" Sales	2 223	—	—				31	Discts Allowed
								" 31	" Balance c/d
		£4 866	—	—					
Jan 31	To Balance b/d	2 223	—	—					

Note—It has been thought an advantage to the teacher and student to leave the General Ledger at that point which makes it possible for the General Ledger Trial Balance to be constructed

EXERCISE IX—No 14

OPENING ENTRIES

19 .		£	s	d	£	s	d
Jan 1	Cash	50	-	-			
	Bank	870	-	-			
	Stock	1,000	-	-			
	Bills Receivable	375	-	-			
	A Arthur	275	16	4			
	B Brown	361	14	2			
	F Flower	250	12	2			
	C Cook	873	5	11			
	Furniture and Fixtures	200	-	-			
	Plant and Machinery	1,700	-	-			
	To Bills Payable				420	-	-
	D Dunlop				174	13	2
	G Garnet				127	16	10
	E Ernest				86	15	9
	F Franklin				217	6	10
	Capital Account				4,929	16	-
		£5 956	8	7	£5 956	8	7

BOUGHT LEDGER TRIAL BALANCE

	£	s	d	£	s	d
D Dunlop				612	1	7
G Garnet				216	12	2
E Ernest				459	3	8
F Franklin				264	17	10
General Ledger Adjustment A/c	1 552	15	3			
	£1 552	15	3	£1 552	15	3

SALES LEDGER TRIAL BALANCE

19.		£	s	d	£	s	d
	A Arthur	514	16	1			
	B Brown	228	14	-			
	F Flower	209	12	4			
	C Cook	316	15	8			
	General Ledger Adjustment A/c				1 269	18	1
		£1 269	18	1	£1 269	18	1

EXERCISE IX—No 14 (contd)

PURCHASES BOOK

			£	s	d
19					
Jan 7	D Dunlop		612	1	7
14	E Ernest		459	3	8
21	F Franklin		275	10	6
24	G Garnet		216	12	2
			£1 563	7	11

SALES BOOK

			£	s	d
19					
Jan 4	A Arthur		359	8	7
13	B Brown		246	10	2
18	F Flower		209	12	4
25	C Cook		316	15	8
			£1 132	6	9

RETURNS OUTWARDS BOOK

			£	s	d
19					
Jan 24	F Franklin		10	10	8

RETURNS INWARDS BOOK

			£	s	d
19					
Jan 15	B Brown		17	6	2

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given		Tenor	Due Date	Fol	D s t	Amount
	19		Dated		19		£ s d	£ s d
57	Jan 22	G Garnet	Jan 21	2 mos	Mar 24		6 7 10	121 9

BILLS RECEIVABLE BOOK

No of Bill	Date	From Whom Received		Tenor	Due Date	Fol	D s t	Amount
	19		Dated		19		£ s d	£ s d
59	Jan 15	F Flower	Jan 13	2 mos	Mar 16		12 10 7	£238 1 7

(CREDIT SIDE)

Date	£	Particulars	Fol	Debit		Cash	Bank		Bought Ledger		Sales Ledger		General Ledger		
				£	s	d	£	s	d	£	s	d	£	s	d
19 Jan 4		By Wages					27	13	6				27	13	6
" 11		" " " " " " " "					31	14	8				31	14	8
" 13		" D Dunlop		8	14	3	165	18	6	174	13	2			
" 15		" Bills Payable, No 65					270						270		
" 16		" E Ernest		4	6	9	82	9		88	15	9			
" 18		" Wages					42	16	9				42	16	9
" 19		" Bills Payable No 85					150						150		
" 23		" P Franklin		10	17	4	204	9	6	217	6	10			
" 24		" A Arthur (for dishonoured bill (No 54) and noting charges)					155	7	6				155	7	6
" 25		" Wages					70	6	10				30	6	10
" 27		" Drawings					40								
" 31		" Salaries					42	10	8				42	10	8
" 31		" Purchases					24	15	2				24	15	2
" 31		" Rent Rates and Taxes . . .					37	19	6				37	19	6
" 31		" Petty Cash (refund to petty cashier of expenses for month)					17	4	11				17	4	11
" 31		" Balance c/d					1382	12	7				1382	12	7
				£23	18	9	£2707	19	1	£478	15	9	£153	7	8
													£2047	14	7

(DEBIT SIDE)

Date	Particulars	Fol	Debit		Details		Bank		Bought Ledger		Sales Ledger		General Ledger	
			£	s	d	£	s	d	£	s	d	£	s	d
19 Jan	To Balance								870			870		
" 10	" B Brown		18	1	8				347	12	7	361	14	2
" 15	" A Arthur		13	15	9				262			275	16	4
" 18	" Bills Receivable No 86								220					
" 22	" C Cook		43	13	4				829	12	7	873	5	11
" 23	" Bills Receivable, No 57								355					
" 26	" " " " " "								109					
" 31	" Sales								27	13	5			
									22702	19	1	£1510	16	5
Jan 31	To Balance b/d		£75	10	9							£272	13	5

EXERCISE IX—No 14 (contd)

BOUGHT LEDGER

Dr				D DUNLOP				Cr			
19		£	s	d	19		£	s	d		
Jan 13	To Cash	165	18	6	Jan 1	By Balance	174	13	2		
13	Discount	8	14	8	7	Purchases	612	1	7		
31	Balance c/d	612	1	7							
		£786	14	9			£786	14	9		
					Jan 31	By Balance b/d	612	1	7		

Dr			G GARNET			Cr			
19		£	s	d	19		£	s	d
Jan 22	To Bills Payable	121	9	-	Jan 1	By Balance	127	16	10
22	Discount	6	7	10	24	Purchases	216	12	2
31	Balance c/d	216	12	-					
		£344	9	-			£344	9	-
					Jan 31	By Balance b/d	216	12	2

Dr		E ERNEST					Cr		
19		£	s	d	19		£	s	d
Jan 16	To Cash	82	9		Jan 1	By Balance	86	15	9
16	Discount	4	6	9	14	Purchases	459	3	8
31	Balance c/d	459	3	8					
		£45	19	5			£45	19	5
					Jan 31	By Balance b/d	459	3	8

Dr		F FRANKLIN					Cr		
19		£	s	d	19		£	s	d
Jan 23	To Cash	206	9	8	Jan 1	By Balance	217	8	10
23	Discount	10	17	4	21	Purchases	275	10	6
24	Returns	10	12	8					
31	Balance c/d	264	17	19					
		£49	17	4			£492	17	4
					Jan 31	By Balance b/d	264	17	19

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 1	To Ledger Balances	606	12	7	Jan 31	By Cash and Disc't	478	15	9
" 31	Purchases	1 563	7	11	" 31	Returns O'wards	10	12	8
					" 31	Bills Payable and			
						Discount	177	16	10
						Balance c/d	1 557	15	3
		£2 170	-	6			£2 170	-	6
Jan 31	To Balance b/d	1 557	15	3					

EXERCISE IX—No 14 (contd)

SALES LEDGER

Dr		A ARTHUR				Cr			
19		£	s	d	19		£	s	d
Jan 1	To Balance	275	16	4	Jan 15	By Cash	262		7
" 4	" Sales	309	8	7	" 15	" Discount	13	10	9
" 24	" Bank (dishd bill, etc)	155	7	6	" 31	" Balance c/d	514	16	1
		£299	12	5			£790	12	5
Jan, 31	To Balance b/d	514	16	1					

Dr.		B BROWN					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	561	14	2	Jan 10	By Cash	345	12	6
" 13	" Sales	246	10	2	" 10	" Discount	18	1	8
					" 15	" Returns	17	18	2
					" 31	" Balance c/d	228	14	-
		£653	4	4			£608	4	4
Jan 31	To Balance b/d	228	14	-					

Dr		F FLOWER				Cr			
19		£	s	d	19		£	s	d
Jan 1	To Balance	250	12	2	Jan 15	By Cash	238		7
" 18	" Sales	209	12	4	" 15	" Discount	12	10	7
					" 31	" Balance b/d	209	12	4
		£460	4	6			£460	4	6
Jan 31	To Balance b/d	209	12	4					

Dr				C COOK				Cr			
19			£	s	d	19			£	s	d
Jan 1	To Balance		675	5	11	Jan 22	By Cash		529	12	7
" 27	" Sales		316	15	8	" 22	" Discount		45	13	4
						" 31	" Balance c/d		316	13	8
			£1190	1	7				£1190	1	7
Jan 31	To Balance b/d		316	15	8						

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT										Cr	
		£	s	d			£	s	d				
19					19								
Jan 31	To Returns	17	18	2	Jan 1	By Ledger Balances	1761	8	7				
" 31	" Cash and Disc.	1573	7	-	" 24	" Bills Receivable	155	7	6				
" 31	" Bills Receivable	278	1	7	" 31	" Sales	1,132	6	9				
" 31	" Balance c/d	1769	18	1									
		£3049	2	10			£3049	2	10				
					Jan 31	By Balance b/d	1,269	18	1				

EXERCISE IX—No 14 (contd)

GENERAL LEDGER

Dr	SALES ACCOUNT					Cr		
				19 Jan 31 31	By Cash Sundries	f 27 1 132	s 13 6	d 5 9

Dr		PURCHASES ACCOUNT				Cr		
19 Jan 31	To Cash Sundries	£ 1 563	£ 24 5 7	d 2 11				

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Jan 1	To Balance	£ 375	s	d	19 Jan 16	By Bank	£ 120	s	d
15	F Power	238	1	7	23		155		
					26		100		
					31	Balance c d	238	1	7
		<u>£613</u>	1	7			<u>£613</u>	1	7
Jan 31	To Balance b/d	238	1	7					

Dr		BILLS PAYABLE ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 15	To Bank	270			Jan 1	By Balance	420		
19		150			22	G Ga net	191	9	
31	Balance c/d	11	9						
		£541	9				£541	9	
					Jan 31	By Balance b/d	121	9	

Dr		STOCK ACCOUNT				Cr		
19 Jan 1	To Balance	£ 1 000	£	d				

Dr		SALARIES ACCOUNT				Cr		
19 Jan 31	To Cash	£ 42	£ 10	d 8				

Dr		WAGES ACCOUNT				Cr		
19 Jan 4	To Cash	£ 27	£ 13	d 6				
11		31	14	8				
18		4	16	9				
25		30	6	10				

EXERCISE IX--No 14 (contd.)

Dr		PETTY EXPENSES ACCOUNT						Cr	
19 Jan 31	To Cash . . .	£	s	d					
		17	4	11					

Dr		RENT, RATES, AND TAXES ACCOUNT						Cr	
19 Jan 31	To Cash	£	s	d					
		27	19	6					

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr	
19 Jan 13	To F Flower	£	s	d					
" 31	" Sundries	12	10	7					
		75	10	9					

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
					19 Jan 22	By G Garnet	£	s	d
					31	" Sundries .	8	7	10
							23	18	9

Dr		RETURNS INWARDS ACCOUNT						Cr	
19 Jan 15	To B Brown	£	s	d					
		17	16	2					

Dr		RETURNS OUTWARDS ACCOUNT						Cr	
					19 Jan 24	By F Franklin	£	s	d
							10	12	8

Dr		FURNITURE ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		200	-	-					

Dr		PLANT AND MACHINERY ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		1 700	-	-					

Dr		CAPITAL ACCOUNT						Cr	
					19 Jan 1	By Balance	£	s	d
							4 929	16	-

EXERCISE IX—No 14 (contd)

Dr		DRAWINGS ACCOUNT				Cr	
19		£	s	d			
Jan 27	To Cash	50					

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
Jan 31	To Cash and Discount	478	13	9	Jan 1	By Ledger Balances	606	12	7
31	Returns Outwards	10	12	8	31	Purchases	1 563	7	11
31	Bills Payable								
	and Discount	17	16	10					
31	Balance c/d	1 557	15	3					
		£ 1 770		6			£ 2 170		6
					Jan 31	By Balance b/d	1 552	15	3

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 1	To Ledger Balances	1 61	8	7	Jan 31	By Returns Inward	17	16	2
31	Sales	1 132	6	9	31	Cash and Discount	1 523	7	
31	Bills Receivable (dishonoured)	155	7	6	31	Bills Receivable	238	1	7
					31	Balance c/d	1 763	18	1
		<u>3 049</u>	2	10			<u>3 049</u>	2	10
Jan 31	To Balance b/d	1 63	18	1					

GENERAL LEDGER TRIAL BALANCE

	£	s	d	£	s	d
Cash	50					
Bank	1 382	12	7			
Stock	1 000					
Sales Ledger Adjustment Account	1 269	18	1			
Bills Receivable	238	1	7			
Drawings Account	50					
Wages	132	11	9			
Salaries	47	10	8			
Petty Expenses	17	4	11			
Rent Rates and Taxes	27	19	6			
Purchases	1 588	3	1			
Returns Inwards	17	16	2			
Discounts Allowed	88	1	4			
Furniture Account	700					
Plant and Machinery	1 400					
Capital Account				4 979	16	
Bought Ledger Adjustment Account				1 552	15	3
Sales				1 160		2
Returns Outwards				10	12	8
Discounts Received				30	6	7
Bills Payable				121	9	
	7 804	19	8	7 804	19	8

EXERCISE IX—No 17.

Dr		JOINT ACCOUNT OF ADAM & BELL						Cr	
		£	s	d			£	s	d
19					19				
June 25	To Adams	1 600	-	-	July 10	By Bell	892	10	-
25	" Bell	1 360	-	-	" 17	Adams	630	-	-
25	" Adams (Exs)	25	-	-	" 29	" Bell	819	-	-
" 25	" Bell (Exs)	10	-	-	Aug 5	" Bell	256	-	-
" 23	" Adams (Com)	31	10	-	Sept 30	Adams	400	-	-
" 25	" Adams (Exs)	7	16	-					
July 10	" Bell (Com)	44	12	6					
" 29	" Bell (Exs)	40	19	-					
Aug 5	" Bell (Com)	37	16	-					
Sept 30	" Adams (Com)	20	-	-					
	" Profit (£164/18/3 to each partner)	329	16	6					
		<u>£3 497</u>	<u>10</u>	<u>-</u>			<u>£3 497</u>	<u>10</u>	<u>-</u>

Dr		JOINT ACCOUNT IN ADAM'S BOOKS						Cr			
19			£	s	d	19			£	s	d
July 12	To Pictures		630	-	-	June 25	By Pictures		1 600	-	-
Sept 30	" Pictures		400	-	-	" 25	" Cash (Exs)		32	18	-
Oct 5	" Bell		819	4	3	July 17	" Commission		31	10	-
						Sept 30	" Commission		20	-	-
						" 30	" Share of Profit		164	18	3
			<u>£1 849</u>	<u>4</u>	<u>3</u>				<u>£1 849</u>	<u>4</u>	<u>3</u>

(The Joint Account in Bell's books is appended but only to show how the clearance of the venture is affected.)

Dr		JOINT VENTURE IN BELL'S BOOKS						Cr	
19		£	s	d	19		£	s	d
July 10	To Pictures	892	10	-	June 25	By Pictures	1 330	-	-
" 29	" Pictures	819	-	-	" 25	" Cash (Exs)	10	-	-
Aug 5	" Pictures	756	-	-	July 10	" Commission	44	12	6
					" 29	" Commission	40	19	-
					Aug 5	" Commission	37	16	-
					Sept 30	" Share of Profit	164	18	3
					Oct 5	" Adams	819	4	3
		<u>£2 467</u>	<u>10</u>	<u>-</u>			<u>£2 467</u>	<u>10</u>	<u>-</u>

EXERCISE IX—No 18 ✓

Dr				LEASE ACCOUNT				Cr.					
1934				£	s	d	1934				£	s	d
Apr 1	To Cash			13 200			Mar 31	By Repairs			88		
1	Costs of Acquisition			220			31	Depreciat on			1 282		
1	Alterations			7/0			31	Balance c/d			12 820		
				£14 190							£14 190		
1935													
Mar 31	To Balance b/d			12 820									

Dr				MOTOR CAR ACCOUNT				Cr					
1934				£	s	d	1934				£	s	d
Apr 1	To Balance			170			June 30	By Creditor			120		
June 30	Creditor			300			30	Depreciation			8	10	
								(4 months @ 20%)					
							1935						
							Mar 31	P & I A/c (loss on sale)			41	10	
							31	Balance c/d			300		
				£470							£470		
1935													
Mar 31	To Balance b/d			£300									

EXERCISE IX—No 19

SALES LEDGER

Dr		PRIVATE LEDGER ADJUSTMENT ACCOUNT						Cr			
19	To Returns	£	625	s	d	19	By Balance	£	4 031	s	d
	Cash	3	125	-	-		Sundry Debtors	35	423	-	-
	Accounts		1 314	-	-						
	Bills Receivable		2 035	-	-						
	Bought Ledger		720	-	-						
	Bought Ledger		1 052	-	-						
	Balance c/d		2 582	-	-						
		£	3 453	-	-			£	39 453	-	-

PRIVATE LEDGER

Dr		SALES LEDGER ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Balance	4 031	-	-		By Returns	625	-	-
	Sales as per S B	35 422	-	-		Cash	31 125	-	-
						" Discounts	1 314	-	-
						" Bills Receivable	2 035	-	-
						" Bought Ledger	720	-	-
						" Bought Ledger	1 052	-	-
						Balance c/d	2 582	-	-
		£ 39 453	-	-			£ 39 453	-	-

The balance represents the indebtedness of customers to the business

EXERCISE IX—No 20

Dr		JOINT VENTURE			Cr				
19	To Cash	£	s	d	19	By Cash	£	s	d
	" Int on Capital A/cs	24 000	-	-		" Balance (loss) to	21,500	-	-
		600	-	-		Capital Accounts—			
						Robinson £1,117/5/10			
						Jones £1 020 8/4			
						Brown £962/9/10			
						3 100	-	-	-
		£ 24 600	-	-		£ 24 600	-	-	-

Dr.		CAPITAL ACCOUNT			ROBINSON		Cr		
19	To Joint Venture	£	s	d	19	By Cash	£	s	d
	" Cash	1 117	5	10		" Interest	8 620	-	-
		7 748	39	2		(charged against	216	8	-
						venture)			
		£8 865	5	-			£8 865	5	-

Dr		CAPITAL ACCOUNT			JONES		Cr		
19	To Joint Venture	£	s	d	19	By Cash	£	s	d
	Cash	1 020	8	4		Interest	7 500	-	-
		7 077	1	8		(charged against	197	10	-
						venture)			
		£8 097	10	-			£8 097	10	-

EXERCISE IX—No 20 (contd)

CAPITAL ACCOUNT

Dr		BROWN			Cr				
19	To Joint Venture	£	s	d	19	By Cash	£	s	d
	" Cash	952	5	10			7 450		
		6 673	19	2		Interest	186	5	
						(charged against			
						venture)			
		£7 636	5				£7 636	5	

Robinson's share of loss equals $\frac{1}{3}$ of £3 100Jones s " " $\frac{1}{3}$ Brown s " " $\frac{1}{3}$

Dr

CASH BOOK

Cr

		£	s	d			£	s	d
19	To Capital Accounts—				19	By Joint Account	24 000	—	
	Robinson	8 650	—	—		(purchases of pig			
	Jones	7 900	—	—		iron)			
	Brown	7 450	—	—		Capital Accounts—			
	" Joint Venture	21 500	—	—		Robinson	7 748	19	4
	(Proceeds of sale of					Jones	7 077	1	8
	pig iron)					Brown	6 673	19	2
		£ 45 500	—	—					
							£ 45 500	—	

EXERCISE IX—No 21.

Fixed Assets are those acquired for the purpose of earning, or giving facility for earning, income

Floating Assets are those acquired by trading and the subject of trading

FIXED
Plant and Machinery
Freehold Land
Patents

FLOATING.
Book Debts
Stock in Trade
Consols, £200
Bills Receivable
Goodwill

EXERCISE IX—No 22.

A *Trial Balance* is a list of ALL Ledger account balances extracted with the object of proving the arithmetical accuracy of the postings

A *Balance Sheet* is a statement of Ledger account balances remaining after the preparation of the Trading and Profit and Loss Accounts and their relative accounts balanced by transfer

The error of posting a debit balance of a Personal Account to Revenue Account will not affect the Trial Balance as regards proving arithmetical accuracy

The Balance Sheet will show the Capital Account wrongly adjusted, as the item in question would have been transferred to Profit and Loss, instead of appearing as an Asset

EXERCISE IX—No 23

COLLIERY COMPANY'S BOOKS

JOURNAL

		£	s	d	£	s	d
19 .							
July 1	R Scott	£	3	17	6		
	To Commission					1	14
	1% of £172 5/-						5
	To Discount					2	3
	5% of £172 5/- for 3 mos						1
" 1	Bills Receivable	176	2	6			
	To R Scott				176	2	6
	Bill drawn @ 3 mos						
		£180	-	-	£180	-	-

EXERCISE IX—No 23 (contd)

SALES BOOK

		£	s	d	£	s	d
19 July 1	R. Scott— 520 tons Silkstone Coal @ 12/6 per ton Wagon Hire (520 tons @ 9d per ton)	32s	19	10	344	10	-
	<i>Total of Invoice</i>				£344	10	-

CASH BOOK

(Debit Side)

		£	s	d
19 July 1	To R. Scott ($\frac{1}{2}$ of value of Invoice)	172	5	-

LEDGER

Dr		R SCOTT					Cr		
19 July 1	To Sales	£	s	d	19 July 1	By Cash	£	s	d
" 1	Commiss on	344	10		" 1	Bills Receivable	172	5	
" 1	Discount	1	14	5			176	2	6
		2	3	1					
		£348	7	6			£348	7	6

Note—It has been thought unnecessary to elaborate all the single item Ledger accounts

EXERCISE IX—No 24

See *Advanced Accounts* pages 37 (under Profit and Loss Account) to 42 (inclusive)

THE FLYAWAY BICYCLE CO.

ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

Profit and Loss Account for the year ended 31st December, 19 .		By Trading Account.		By Balance Sheet.	
D ^r	£	C ^d	£	C ^d	£
To Sundry Branch Expenses	8 000	-	-	-	-
" Travellers' Salaries	3 000	-	-	-	-
" Agents' Commissions	1 800	-	-	-	-
" Bad Debts	1 650	-	-	-	-
" Depreciation—					
Plant and Machinery	1,250	-	-	-	-
" Balance, Net Profit	49 480	-	-	-	-
	£ 65,180	-	-	-	-
				£ 65,180	-

EXERCISE IX—No 26

I IRON S LEDGER

<i>Dr</i>		S STEEL					<i>Cr</i>		
19 Mar 1	To B's Payable	£	s	d	19 June 4	By Cash	£	s	d
		126	10	6			126	10	6

<i>Dr</i>		BILLS PAYABLE ACCOUNT				<i>Cr</i>			
19 June 4	To Cash	£	s	d	19 Mar 1	By S Steel	£	s	d
		126	10	6			126	10	6

<i>Dr</i>		CASH ACCOUNT (Bank Column)			<i>Cr</i>				
19 June 4	To S Steel	£ 126	s 10	d 6	19 June 4	By B's Payable	£ 126	s 10	d 6

S STEEL S LEDGER

<i>Dr</i>		I IRON			<i>Cr</i>				
19 June 4	To Cash	£ 126	s 10	d 6	19 Mar 1	By Bills Receivable	£ 126	s 10	d 6

Dr		BILLS RECEIVABLE ACCOUNT						Cr							
19 Mar 1	To I Iron	£	126	s	10	d	6	19 Mar 1	By Cash	£	126	s	10	d	6

<i>Dr</i>		CASH ACCOUNT (Bank Column)				<i>Cr</i>			
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1 June 4	By Bankers Discount I Iron	£	s	d
		126	10	6			1	2	2
							126	10	6

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT					<i>Cr</i>	
19 Mar 1	To Cash	£	s	d				
		1	2	2				

EXERCISE IX—No 27 (contd.)

(ALTERNATIVE FORM)

The second form of Balance Sheet differs only in the statement of the Partners Capitals which accounts are appended

LIABILITIES			LIABILITIES		
A Add—	£	s d	J Jones—	£	s d
Balance 1st Jan	3 440	—	Balance 1st Jan	3 440	—
Add Interest	172	—	Add Interest	172	—
Share of Profit	1 025	—	Share of Profit	1 025	—
	4 637	—		4 637	—
Less Drawings	900	—	Less Drawings	900	—
	4 137	—		4 137	—

EXERCISE IX—No 28 G GREGORY IN ACCOUNT CURRENT WITH N NORTON

Date	Particulars	Due Date	Days	Pro ducts	Amount	Due Date	Days	Pro ducts	Amount
19 Jan 1	To Goods	Jan 1	180	£ 50 400	£ 280	Feb 15	145	£ 13 500	£ 100
Mar 3	Bills Payable	Apr 6	85	17 000	200	Mar 2	120	82 800	690
Apr 11	Cash	May 11	80	16 000	200	May 11	50	8 000	170
" 30	" Goods	May 31	30	6 960	232	June 15	31	8 000	290
May 31	" Goods	May 31	30	7 500	250	July 31		2 050	
June 30	" Red Ink Int as per contra			8 990					
" 30	" Interest			106 850	5 7			106 850	
" 30	" Bal c/d				87 14 5				
				£1 250		June 30			£1 250
									87 14 5

EXERCISE IX--No. 29.

£440 due 18th April, 1980		DATE				
250	"	36 days beyond 18th April				
400	"	73 "	"	"	"	"
700	"	91 "	"	"	"	"
						101 900
11,790						

101 900	= 57 days	Average due date = 18th April + 57 days = 14th June	Amount due to be paid, £1,790.
<u>1,790</u>			

EXERCISE IX—No. 30

4

I WALTERS & B DOVE

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19 -

[illegible]

EXERCISE IX—No 30 (cont'd)

I. WALTERS & B. DOVE

DEBIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19

	£	s	d	£	s	d	By Trading Account	£	s	d
To Repairs and General Charges				177						
Stationery and Office Expenses				350						
Electric Light				92						
Stable Expenses				234						
Catalogues & Price Lists (writn off)				122						
Discount				91						
Advertising				189						
Office Salaries				851						
Interest and Commission				374						
Postage and Telegrams				132						
Rent Rates and Taxes				513						
Legal Expenses and Audit Fee				127						
Travelling Expenses				409						
Bad Debts Recs (amt required)	500									
Less Old Reserve	207									
Depreciation—										
Land & Bldgs (amt writn off)	500									
Plant and Machinery	674	6								
(10% of £6 743)										
Boiler and Heating Apparatus	49	16								
(10% of £499)										
Interest on Capital Accounts—										
J Walters (5% of £20 231)	1 011	11								
B Dove (5% of £17 217)	860	17								
Bal Ner Profit to Capital A/cs—										
J Walters $\frac{1}{2}$ share	1 049	2								
B Dove $\frac{1}{2}$ share	699	8								
				1 224	2					
				1 872	8					
				1 748	10					
				£8 799						

EXERCISE IX—No 3D (cont'd)

WATERS & B DOVE

Y WALLING & SONS
BALANCE SHEET AS AT 30TH JUNE, 19 -

BALANCE SHEET AS AT 30th JUNE, 19 .	
LIABILITIES	ASSETS
Sundry Creditors	Cash in hand
Capital Accounts—	Cash at Bank
<i>J. Wallers</i>	Bills Receivable
Balance 1st July	Sundry Debtors
Add Interest	Less Bad Debts Reserve
Share of Profit	Stock
Less Drawings	Loose Tools
	Boiler and Heating Apparatus
	Less Depreciation
<i>B. Dove</i>	Plant and Machinery
Balance 1st July	Less Depreciation
Add Interest	Land and Buildings
Share of Profit	Less Depreciation
Less Drawings	

EXERCISE X—No 2 (cont'd)

BALANCE SHEET, AS AT 31ST DECEMBER, 19 .

BALANCE SHEET, AS AT 31ST DECEMBER, 19 .									
LIABILITIES		£		s		d		£	
Outstanding Expenses—		8	—	—	—	—	—	—	—
Rent of Hall	:	9	10	—	—	—	—	—	—
Frietary	:	—	—	17	10	—	—	—	—
Capital Account—		1 000	—	—	—	—	—	—	—
Balance—1st Jan	:	—	—	—	—	—	—	—	—
Add Surplus of Income and Ex	:	298	—	—	—	—	—	—	—
Penditure Account	:	—	—	1 298	—	—	—	—	—
				£1,315	10	—	—	£1,315	10

CASH ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

CASH ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..										Cr.
Dr.		£	s	d		£	s	d		
Jan - Dec	To Subscriptions	100	-	-	Jan - Dec				£ 21 10 -	
	Receipts from Lectures and Concerts	232	-	-					21 10 -	
	Interest on Investments	58	-	-					3 5 11	
									£ 489 - -	
		£380	-	-						
		315	10	-						
Dec 31	To Balance b/d									

EXERCISE X—No. 2

THE CARLTON CLUB

3
INCOME AND RETAINMENT ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE X—No 4

GRFEN LANES GOLF CLUB

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE X--No 4 (could)

STAYANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		ASSETS	
£	s d	£	s d
Loan Account		Cash	27 10 8
W. serve Fund (Being transfer of half of surplus from Revenue Account)		Bank	95 5 8
Capital Account—		Cash on Deposit	270 — —
Transfer from Revenue Accounts	483 — —	Stocks—	
Add half of balance of Revenue	167 7 6	Provisions and Liquors	286 14 9
		Furnishings	21 13 8
		Furniture	54 5 8
		Club Premises	939 14 7
		Half year's Grazing Rent	22 10 —
			£1,717 15 —

EXERCISE X - No 5

[illegible]

Note—The 'Crechren Endowment Fund Capital and Income Accounts are fully worked in *Advanced Accounts* pages 304 and 335

EXERCISE X No 5 (contd)

BARTIMAEUS HOWE FOR THE BLIND BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		ASSETS	
Creditors	£	Cash in hand	£
dry Creditors	5 200	at Bank	44 16 3
for the Tax Outstanding	515		2 075 12 8
Capital Account	24		
Balance last year	82 824	Cr. of loan have to be at	2 120 8 11
Add surplus from Income & Ex		to be at carried on Investments	8 000
per future Account	517 9 5	Clotted	893 14 2
		Dr. page	753 5 1
			250 8 1
			£ 97 089 7 7

EXERCISE X - No 6

This is an example on pages 331-333 (inclusive) of *Advanced Accounts* except that No 6 is double the figures employed in the 1 example

EXERCISE X—No. 7

KRECK T'FYNCHÉ NURSING HOME

Dr.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr.

	£	s	d	£	s	d	£	s	d
To Salaries of Nurses and Superintendent				352	8	50			
" Wages				124	14	30			
" Salary of Secretary				300					
" Provisions Purchased									
Less Amount of Provisions in hand	353	7	10						
	37	13	4						
" Taxes and Insurance				345	14	6			
" Stationery Printing, etc.				98	16	6			
" Sundry Expenses				120	6	8			
" Fuel, Lighting, and Cleaning				18	15	5			
" Auditor's Fees				168	16	6			
" Depreciation—				5	5				
Premises (2½% of £4,250/12/10)	108	5	4						
Furniture (10% of £827/13/4)	42	7	6						
" Repairs				147	13				
" Collector's Commission				238	3	10			
" Medical and Surgical Appliances				39	11	9			
				106	10	5			
				12,001	18	5			
							12,001	18	5

BALANCE SHEET AS AT 31ST DECEMBER, 19

	£	s	d	£	s	d	£	s	d
Creditors									
Lo. Loop, Endowment Fund				150					
Capital Account—				850					
Balance 1st Jan	6,480	16	6						
Less current year's loss on Income and Expenditure	40	19	6						
				6,437	3				
							6,437	3	
LIABILITIES									
ASSETS									
Cash on Current Account				362	4	8			
" on Deposit Account				350					
Provisions in hand							712	4	8
Investments							37	13	4
Furniture and Fixtures				827	13	4	1,788	12	2
Less Depreciation				41	7	8			
							786	5	8
Buildings				4,250	12	6			
Less Depreciation				106	5	4	4,144	7	2
							6,437	3	

EXERCISE X—No 8

Dr LEDGER OF MESSRS TUDOR & MANN LTD Cr

1938		£	s	d	1938		£	s	d
Sept 30	To J Smith	165	10		Nov 16	By Cash	50	3	4
30	K Brown	18	5		Dec 9		18	3	
1939					30		8	-	
Mar 31	O Rob nson	43	3	10	1939				
31	N White	102	5	4	Mar 31	Balance b/d	265	2	7
		£329	4	2			£329	4	2
1939		£	s	d	1939		£	s	d
Mar 31	To Balance	265	2	7	Mar 31	By Profit and Loss A/c	976		7
31	Bad Debts Reserve	110	18						
		£376		7			£376		7

Dr PROFIT AND LOSS ACCOUNT Cr

1939		£	s	d			
Mar 31	To Bad Debts	376		7			

(a) Reserve 1938 was	1632 9	£221 10	
+ 2½ per cent of £1632 9 10s less £21 10s		402 14	
		£624 4	
Reserve 1939 was		£492 10	
+ 2½ per cent of £10196 10s less £49 10s		24 12	
		£736 2	
Additional charge to Bad Debt Account		£110 18	

EXERCISE X—No 9

This is as Example on pages 328-330 (inclusive) of *Advanced Accounts* except that No 9 is double the figures employed in the Example

EXERCISE X—No 10

SLEETHORPE PROGRESSIVE CLUB

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 .

	£	s	d	£	s	d
To Printing and Stationery				127	14	8
" Repairs				175	10	2
" Salary of Secretary				120	13	6
" Servants' Wages				250	10	2
" Rent				78	10	6
" Rates and Taxes				257	13	7
" Fuel, Lighting, Cleaning and W. rebag				41	6	
" Legal Expenses				20	10	10
" Expenses of Society						
" Depreciation—						
Furniture and Fixtures	47	11	7			
(10% of £473.13)						
Alterations and Improvements to Premises	120	-		167	11	7
" Balance surplus of Income over Expenditure				230	18	7
				£1,807	18	5

PALANCE SHEET AS AT 31ST DECEMBER 19

	£	s	d.	£	s	d.	£	s	d.
Creditors Capital Account— Balance, 1st Jan. Add surplus of Income over Ex- penditure . . .	1,257	15	5	625	3	4	586	3	2
	250	18	7	1,488	14	—	45	21	5
							72	10	5
							429	4	1
							830	15	3
				£1,963	17	4	£1,963	17	4

EXERCISE X—No. 11

The criticisms are set out in the Answers to Exercises at the end of *Advanced Accounts*

EXERCISE X—No 12

Dt	INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19	Cr
To Salaries	£ 327	s 10 d 6
Deputation Fees & Expenses	40	- - -
Cost of Annual Dinner and Entertainment	70	13 11
Journal Expenses	146	8 5
Postages	15	- - -
General Expenses	10	4
Printing and Stationery	37	2 9 7
Year Book Expenses	136	7 6 2
Rent Rates and Taxes	346	12 6 2
Fuel Lighting and Cleaning	56	6 2
Lecture Expenses	75	- - -
Legal Expenses	7	12 6
Auditors Fees	10	10 -
Balance (surplus of income over expenditure)	210	9 5
	£1 492	8 1
By Subscriptions	£1 272	s 10 d 6
Interest on Investments	44	2 3
Proceeds of Sale of Journal	175	15 4
	£1 492	8 1

EXERCISE X—No. 13

RECEIPTS AND PAYMENTS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 19 .

By

Cf.

	£	s	d
RECEIPTS			
To Balance, 1st Jan	274	13	2 ¹ / ₂
" Subscriptions	45	10	6 ¹ / ₂
" Sale of Tickets for Annual Dinner	68	10	6 ¹ / ₂
" Interest on Deposit Account	9	10	5 ¹ / ₂
TOTAL RECEIPTS	£496	43	10¹/₂
PAYMENTS			
By Furniture Purchased	25	15	6 ¹ / ₂
" Stationery and Printing	14	13	2 ¹ / ₂
" Post and Petty Expenses	10	9	8 ¹ / ₂
" Expenses of Annual Dinner	47	2	10 ¹ / ₂
" Grants for Benevolent Purposes	15	15	-
" Cost of Laminating Coat of Arms	7	20	-
BALANCE C/D	273	4	5¹/₂
TOTAL PAYMENTS	£496	47	-
CARRY OVER	273	5	8¹/₂
TOTAL BALANCE b/d	£496	47	-

EXERCISE X—No 14

C BARRAND IN ACCOUNT CURRENT WITH P SMITH

10



Date	Particulars	Amount	Days	Products	Date	Particulars	Amount	Days	Products
Jan 1	To Balance	1,240	181	224 440	Jan 9	By Bill sat 2 months, 1 @	£	-	196 400
Feb 2	Goods	450	148	69 670	March 12th	March 12th	1,240	110	68,000
Feb 23	Goods due March 28th)	29	93	2 657		, Goods (due March 24th)	1,000	98	43 070
Mar 24	Bill (4 months date, 1 e)	1 000	Red	27 000	July 11 month, 1 e May 2nd)	July 11 month, 1 e May 2nd)	730	59	27 600
May 8	July 27th)	35	27		Bred Ink Int rest as contra	Bred Ink Int rest as contra		27	
	Goods		55	1 925	Interest (20% 12%)	Interest (20% 12%)	\$	-	304 470
				295 862		(73 000)			8
				7					
June 10	Balance of Products	221	-	2,069 634					
June 30	Balance	c/d	-	266 128					
				2,455,760					
							£2,975	-	2,435 760

EXERCISE X—No 15

13th April	£3 500 zero	
11th May	£5 200 28 days	= £145 600
12th June	£2 300 60	= £138 000
	<u>£11 000</u>	<u>£283 600</u>

Average due date $\frac{283\ 600}{11\ 000} = 26$ days beyond 13th April = 9th May

A bill for £11 137 10s must be drawn payable 12th August 19 (allowing for 3 days grace)

EXERCISE X—No 16

See *Advanced Accounts* pages 14 15 (under Reconciliation Account)

EXERCISE X—No 17

A Suspense Account is raised for items upon which queries have been entertained and for that reason they are in suspense until the doubts have been cleared. It is also used as a TOTAL account for outstanding and unexpired values

- (a) I A Claim pending settlement
 II Unexpired Values of Insurance etc
 III Outstanding Amounts for Rent Wages etc
- (b) I Disagreement of Trial Balance
 II Expenditure not allocated i.e. Incidental Expenses
 III Any errors or omissions in posting which an indifferent staff may wish to cover—instead of ad ust

Note—A Suspense Account is sometimes called A Difference in Books Account when it is raised for purposes stated under b

EXERCISE X—No 18

See *Advanced Accounts* page 19 (under Advantages and Disadvantages respectively)

EXERCISE X—No 19

JOURNAL OF JACKSON & CO

19		£	s	d	£	s	d
	Williamson & Co	1	7	9			
	To Commission					12	4
	1% of £61/13/4						
	To Discount					15	5
	5% of £61/13 4 for 3 mos						
	Bills Receivable	63	1	1			
	To Williamson & Co				63	1	1
	Bill drawn @ 3 mos for value of invoice plus commission and discount as arranged						
		<u>£64</u>	<u>8</u>	<u>10</u>	<u>£64</u>	<u>8</u>	<u>10</u>

EXERCISE X No 19 (contd)

SALES BOOK

19		£	s	d
	Williamson & Co — 25 tons Hematite Iron @ 49 ⁴ / ₄ Terms Cash 1 mo	61	13	4

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Bills Receivable	63	1	1

LEDGER

Dr		WILLIAMSON & Co			Cr				
19	To Sales , Commission , Discount	£	s	d	19	By Bills Receivable	£	s	d
		61	13	4			63	1	1
			12	4					
			15	5					
		£63	1	1			£63	1	1

Dr		BILLS RECEIVABLE ACCOUNT			Cr				
19	To Williamson & Co	£	s	d	19	By Cash	£	s	d
		63	1	1			63	1	1

EXERCISE X—No 20

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT (IN SALES DEPT) Cr

19 Mar 31		£	s	d	19 Mar 31		£	s	d
	To Returns Inwards (as per Returns Inward Book)	471		-		By Debtors Balances (as per Opening Entries)	6 271		-
31	Cash (as per Cash Book)	7 810	10		31	Sales to Customers (as per Sales Book)	10 829		-
31	Discounts	484				Bills Receivable (as per Journal)	271		-
31	Bills Receivable (as per Bills Receivable Book)	1 735	10		31				
	Balance c/d	6 870	-						
		£ 17 371			Mar 31	By Balance b/d	£ 17 371		-
							6 870		-

EXERCISE X—No 23 (contd)

CASH BOOK

(M MOON S)

Dr		(M O O N S)				Cr			
		B ank				Bank.			
		£	s	d			£	s	d
19 Apr 1	To Bills Receivable	150	-		19 Apr 1	By Bankers Discount	1	8	2
					July 4	S Sund	74	5	11
						S Sund	75	-	-

M MOON S LEDGER

S SUND

Dr		S SUND				Cr	
19 Apr 1	To Cash	£ 74	s 5	d 11	19 Apr 1	By Bills Receivable	£ 150
1	Discount		14	1			
July 4	Cash	75					
		£150					£150

Dr

BILLS RECEIVABLE ACCOUNT

Cr

		£	s d		£	s d
19 Apr 1	To S. Sund	£ 150	-	19 Apr 1	By Bank	£ 150

Dr

DISCOUNT ACCOUNT

Cr

		£	s d		£	s d
19 Apr 1	To Bank	£ 1	8 2	19 Apr 1	By S Sund	£ 14 1
					Profit and Loss	14 1
		£1	8 2			£1 8 2

A STEVENSON & L LANNING'S JOINT CONSIGNMENT ACCOUNT

Cv

	Mths	Int	Amount		Amount
		£ s d	£ s d		£ s d
19					
Jan 1	5	22 18 4	1,100 - -	By Account Sales	1,040 - -
" 1	5	1 9 2	70 - -	" Interest (1 mo @ 5% on £1,040)	8 16 8
" 1	5	20 5 3	25 4 -		
" 1	5	1 3 -	2 10 -		
Feb 1	4	10 4 -	30 - -		
" 1	4	13 4 -	40 - -		
Apr 30	1	2 6 -	30 - -		
" 30	1	8 4 -	100 - -		
May 31			20 13 4		
" 31			111 4 8		
" 31			111 4 8		
			<u>£1 040 16 8</u>		<u>£1 040 16 8</u>

JOINT CONSIGNMENT ACCOUNT IN L LANNGS BOOKS

Cr

D

	Mths	Int	Amount		Amount
		£ s d	£ s d		£ s d
19 Feb 1	4	10 4	30	19 Apr 30	
1	4	13 4	40	May 31	
Apr 30	1	2 6	30		
30	1	8 4	100	By Account Sales	1 640
30	3	7 10	600	Interest (1 mo @ 5% on £1 640)	6 16 8
May 31					
			9 4 2		
			111 4 8		
			726 7 10		
			1 646 16 8		1 646 16 8

62

JOINT CONSIGNMENT ACCOUNT IN A STEVENSON'S BOOKS

Cr

Dr

	Mths	Int	Amount		Amount
		£ s d	£ s d		£ s d
19 Jan 1	5	22 18 4	1 100	19 Jan 1	
1	5	1 9 2	70	May 31	
1	5	10 5	25 4		
1	5	1 3	2 10	By Bills Receivable (due Mar) 1	600
				Interest (3 mos @ 5% on £600)	7 10
				Balance due from L Langg	726 7 10
May 31			24 19 2		
			111 4 8		
			1 333 17 10		1 333 17 10

EXERCISE X—No 25 (contd.)

MESSRS J SKINNER & H FULLER
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£		s		d		£		s		d	
	£	s	d	£	s	d	£	s	d	£	s	d
Sundry Creditors	11 679	3 11		3 641	12 2							
Reserve for Employees	608	19 3		756	2 3							
Capital Accounts—	1 512	4 8								1 223	11 7	
<i>J Skinner</i>												
Balance 1st Jan	13 800	7 10										
Add Interest	971	10								7 783	2	
Share of Profit										8 954	12 2	
Less Drawings												
<i>H Fuller</i>												
Balance 1st Jan	11 679	3 11		12 828	17 10							
Add Interest	583	19 3								6 577	2 2	
Share of Profit	1 512	4 8								6 237	16	
Less Drawings												
	13 775	7 10										
	842	12 6		12 932	15 4					42	15 8	
				£ 30 159	7 7					£ 30 159	7 7	

EXERCISE X—No. 26

JOURNAL

19..		£		s		d	
		£	s	d	£	s	d
	Joint Account	1 050					
	To Walker & Co				1 050		
	For goods purchased on joint speculation with R Roberts						
	Marshman & Co	650					
	To Joint Account				650		
	For sale of part of goods purchased on joint speculation						
	Joint Account	75					
	To Commission				75		
	5% of £1 500						
	Joint Account	160					
	To R Roberts				160		
	For transfer of share of profit due to R Roberts						
		£1 935			£1 935		

PURCHASES BOOK

19		£		s		d	
		£	s	d	£	s	d
	Joint Account				400		
	(Goods bought on Joint Account taken into stock)						

LEDGER

Dr		CASH ACCOUNT				Cr			
19	To R Roberts " Joint Account	£ 52½ 400	s - -	d - -	19	By Joint Account (Expensed)	£ 53 -	s - -	d - -

Dr		JOINT ACCOUNT				Cr			
19	To Walker & Co " Cash (Expenses) " Commission " R. Roberts " Profit and Loss	£ 1 050 50 75 160 160	s - - - - -	d - - - - -	19	By Marshman & Co " Cash " Purchases	£ 650 400 -	s - - -	d - - -
		£1 500	-	-			£1,500	-	-

EXERCISE X—No 27

JOURNAL OF DOBSON & CO

			£	s	d		£	s	d
19 May 8	Fred Hunting To Braim & Son Sale of Goods received on consignment inwards	Dr	400		—		400		
24	Braim & Son To Handling Charges (5s per ton on 20 tons) To Commission (5 per cent of £615 value of sale of Goods received on con- signment inwards)	Dr	35	15			5		
							30	15	

Dr

CASH BOOK OF DOBSON & CO

Cr

		£	s	d			£	s	d
19 May 24	To Cash (Auction Sales)	21			19 May 10	By Braim & Son (Car riage)	9	7	6
					13	Braim & Son (Freight etc)	24	8	9
					24	Braim & Son	345	8	9

LEDGER OF DOBSON & CO

Dr

BRAIM & SON

Cr

		£	s	d			£	s	d
19 May 10	To Cash	9	7	6	19 May 8	By F Hunting, Cash	400		
13		24	8	9	12		215		
24	Handling Charge	5							
24	Commission	30	15						
24	Bank	345	8	9					
		£615					£615		

EXERCISE X—No 28

(a) See *Advanced Accounts* page 214 (under Definition*)(b) See *Advanced Accounts* page 226 (under Definition)For explanation of Uncompleted Consignments see *Advanced Accounts* page 217 (under Balancing the Consignment Account)

EXERCISE X—No 29

Cr

L LACEY IN ACCOUNT CURRENT WITH B BOOT

Dr

Date	Particulars	Due Date	Amount	Days	Pro- ducts	Particulars	Due Date	Amount	Days	Pro- ducts
19 . 1	To Balance					By Cash				
Jan 25	" Bills Payable	Mar 25	£ 255 13	181	46 374	Feb 10		£ 120	140	16 800
Feb 25	" Cash		200	94	18 800	Feb 25		478	127	60 708
Mar 10	" Cash	May 12	150	112	19 860	May 19		228 19	4	9 434
Apr 12	" Goods		381	49	19 159	June 8		113	22	2 480
June 15	" Cash		100	15	1 500	" Goods		200	5	1 000
" 20	" Goods		498	10	4 980	" Cash				
" 30	" Interest $\left(\frac{17\ 029 \times 10}{100}\right)$					" Balance of Products				
						30		456 10		17 029
						" Balance c/d				
						30				
								£1 505	8	£107 555
June 30	To Balance b/d		456 10							

EXERCISE X—No 30

JOURNAL

19		£	s	d	£	s	d
		200	—		200		
		350			350	—	
	Purchases Account To B Bowman Balance of goods received on consignment	300			300		
	B Bowman To Commission 5% of £1 000	50	—		50		
		£900			£900		

Dr

CASH BOOK

Cr

19	To B Bowman (Sale of part of his consignment)	£	s	d	19	By B Bowman (Cartage & Exps) B Bowman (Balance due on his consignment)	£	s	d
		350					20		
							730		

LEDGER

B BOWMAN

Dr

Cr

19	To Cash Bills Payable Commission Cash	£	s	d	19	By R B own Cash Purchases	£	s	d
		20					350		
		00					350		
		50					300		
		730							
		£1 000					£1 000		

EXERCISE XI- No 3

THE NEEDLEPORT TRADING CO

D_r TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE PERIOD ENDED Cr

Date	Particulars	Linoleum Dept	Carpet Dept	Total	Date	Particulars	Linoleum Dept	Carpet Dept	Total
18	To Stocks at commencement: Purchases net Wages Manufacturing Expenses Balance (gross profits)	£ 186 12 3 8 10 4 3 98 14 5 2 075 5 6 1 825 2 4	£ 2 283 7 8 3 649 18 9 2 017 5 2 1 474 3 6 5 368 6 7	£ 4 241 19 11 12 035 2 1 5 975 19 7 3 549 9 1 10 193 8 11	19	By Sales—net Stocks at close	£ 21 440 8 4 1 704 9 6	£ 10 723 4 2 2 071 17 6	£ 32 169 12 6 3 826 7
		£ 23 000 17 10	£ 12 795 1 8	£ 35 995 19 6			£ 23 200 17 10	£ 12 795 1 8	£ 35 995 19 6
	To Salaries Rent Rates and Taxes General Expenses Balance (net profits)	£ 2 045 13 9 1 193 3 1 611 5 10 2 274 19 8	£ 1 022 16 10 598 11 7 305 12 11 1 443 5 3	£ 3 068 10 7 1 789 14 8 916 18 9 4 419 4 11		By Trading Accounts	£ 6 825 2 4	£ 3 368 8 7	£ 10 193 8 11
		£ 6 825 2 4	£ 3 369 6 7	£ 10 193 8 11			£ 6 825 2 4	£ 3 369 6 7	£ 10 193 8 11

MESSRS JEFFREY, SLATER & GIBBS

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	A Dept		B Dept		Total		A Dept		B Dept		Total	
To Stocks 1st Jan	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
" Purchases	20 516	11 8	7 407	12 6	40 014	4 2	81 082	13 11	46 916	19 8	127 998	13 7
" Balance (Gross profits)	18 236	16 1	36 518	14 9	54 754	11 4	99 678	10 5	8 918	16 8	40 597	7 1
	£112 761	4 4	£55 835	16 4	£168 597	- 8	£112 761	4 4	£55 835	16 4	£168 597	- 8
To Trade Expenses	9 027	14 3	4 389	10 11	13 416	3 2						
" Discounts Allowed	2 016	17 4	1 628	10 5	3 644	7 9	18 258	18 1	11 818	9 1	30 076	5 2
" Housekeeping Expenses	1 632	5 7	1 079	14 2	2 711	19 9	1 836	4 4	2 534	5 6	4 370	9 10
" Balance	2 436	3 5	6 455	16 7	12 922	2 4						
(Net profits of Departments)												
	£20 113	5	£13 353	14 7	£33 466	15 -	£20 113	- 5	£13 353	14 7	£33 466	15 -

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Interest on Capital Accounts—												
Jeffrey (5% of £23518/10/2)	1,175	18 6										
Slater (5% of £16,379/4/8)	818	19 3										
Gibbs (5% of £13,178/16/7)	658	16 10										
Balance (Profit) to Capital A/cs—					2,653	12 7						
Jeffrey, $\frac{1}{3}$ share	3,756	3 3										
Slater, $\frac{1}{3}$ share	3,756	3 3										
Gibbs, $\frac{1}{3}$ share	3,756	3 3										
					11,268	9 9						
					£13 922	2 4						
											£13 922	2 4

EXERCISE XI—No. 5 (cont'd)

MESSRS DAVIS & SMITH

BALANCE SHEET AS AT 31ST DECEMBER 19..

[illegible]

EXERCISE XI—No. 7

THE TOILET SPECIALTIES CO

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 19.. Cr.

	Excessor Hair Cream	Debit Toilets Paste	Total	Excessor Hair Cream	Debit Toilets Paste	Total
To Sales—						
Raw Materials 1st July	£ 407 13 8	£ 4 4	£ 411 17 12	£ 407 13 8	£ 4 4	£ 411 17 12
Manufactured Hair Cream etc	713 10 10	307 18 9	1,020 18 9	713 10 10	307 18 9	1,020 18 9
Bottles Labels etc	307 10 8	248 15 8	555 26 6	307 10 8	248 15 8	555 26 6
Prize—						
Raw Materials	227 4 6	517 6 4	744 11 0	227 4 6	517 6 4	744 11 0
Bottles, Labels, etc	518 5 5	923 14 6	1,441 19 11	518 5 5	923 14 6	1,441 19 11
Wages	707 14 2	734 7 8	1,441 22 0	707 14 2	734 7 8	1,441 22 0
Manufacturing Expenses	268 10 7	243 16 7	511 27 4	268 10 7	243 16 7	511 27 4
Balance gross profits of Departments	4,621 18 6	9,730 4 3	14,352 22 9	4,621 18 6	9,730 4 3	14,352 22 9
	£ 18,672 7 6	£ 12,420 7 10	£ 31,092 15 6	£ 18,672 7 6	£ 12,420 7 10	£ 31,092 15 6
To Salaries						
Advertising	53 0 0	371 5 8	424 5 8	53 0 0	371 5 8	424 5 8
Postages	778 11 3	5,117 12 7	5,895 24 0	778 11 3	5,117 12 7	5,895 24 0
Rent, Rates and Taxes	68 17 3	409 10 5	477 27 8	68 17 3	409 10 5	477 27 8
Sundry Expenses	95 8 11	632 7 10	727 15 11	95 8 11	632 7 10	727 15 11
Balance New Year of Departments	41 19 7	275 16 11	317 15 8	41 19 7	275 16 11	317 15 8
	£ 3,582 11 9	£ 2,896 8 10	£ 6,478 19 9	£ 3,582 11 9	£ 2,896 8 10	£ 6,478 19 9
	£ 4,621 18 6	£ 9,730 4 3	£ 14,352 22 9	£ 4,621 18 6	£ 9,730 4 3	£ 14,352 22 9

Note—The undivided Expenses are borne in the following proportions. { Hair Cream Dept., 132045.
 { Tooth Paste Dept., 867953.

EXERCISE XI—No 8

THE LUXWORTH MOTOR CAR WORKS LTD

MOTOR-CARS TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
				£	s	d		£	s	d	
To Purchases				15	725			By Sales			
„ Bal (gross profit)				3	225				18	950	
				£	18	950			£	18	950

ACCESSORIES TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
				£	s	d		£	s	d	
To Accessories used				2,418	15	6		By Sale of Accessories			
„ Petrol Oil etc used				657	5	11		Sale of Petrol Oil etc			
„ Bal (gross profit)				858	6	7			1	028	13 4
				£	3	934	8		£	3	934

REPAIRS TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
				£	s	d		£	s	d	
To Cost of Repairing Cars				818	16	5		By Charges to Customers for Repairing Cars			
„ Bal (gross profit)				89	16	2			906	12	7
				£	906	12	7		£	906	12 7

HIRE CARS TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
				£	s	d		£	s	d	
To Expense of Hire Cars				208	14	5		By Charges to Customers for Hire of Cars			
„ Depreciation (20% of £574)				114	16				467	13	9
„ Bal, gross profit				144	3	4					
				£	467	13	9		£	467	13 9

EXERCISE XI—No 14

T. THOMPSON PAWNBROKER

DEPARTMENTAL TRADING ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

	£	s	d.
To Wages and Salaries	405	10	3
„ Rent Rates and Taxes	216	9	10
„ Sundry Expenses	238	12	6
„ Depreciation Fixtures (5% of £627/14/2)	31	7	9
„ Interest on Capital (5% of £7 000/15/5)	350	-	9
„ Balance (Net Profit) to Capital Account	626	10	3
	£1 868	11	4

G GREASLEY

EXERCISE XI—No 15 (cont'd)

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Dr	By Trading Accounts—				Cr			
	f	s	d		f	s	d	
To Bad Debts	41	15	4	By Engineering Accounts—	2529	12	5	
" Salaries	617	13	3	Eng ne Department	2109	5	9	
" Rent Rates and Taxes	426	13	4	Repairs Department	41	17	8	
" Gas and Electric Light	57	14	5	D accounts				
" Insurance	153	5	6					
" Office Expenses	146	8	9					
" Add tion to Bad Debts Reserve	15							
" Depreciation Office Furniture (5% of £22713/10)	11	7	8					
" Interest on Capital Account (5% of £3 65/14 8)	288							
" Balance Net Profit to Capital Account	2 942	5	10					
	£4 680	15	10		£4 680	15	10	

ENGINEERING SUPPLIES CO

EXERCISE XI—No 16

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19

Dr	Works Dept		Retail Dept		Total	Works Dept		Retail Dept		Total	Cr	
	f	s	d	f	s	d	f	s	d	f	s	d
To Stocks 1st Jan	1 048	10	6	6 573	14	8	21 428	15	2	60 402	9	9
Purchases	8 743	5	10	32 846	18	9	975	13	4	8 496	12	2
Wages	7 626	19	4	914	10	3	48	19	5	48	19	5
Carriage	620	13	4	1 458	7	8						
Balance gross profits of Departments	4 063	17	10	6 835	2	1	£ 22 511	6	11	48 436	13	5
	£ 22 511	6	11	£ 48 436	13	5						
To Office Salaries	526	15	6	507	6	6	4 663	17	10	6 835	2	1
Office Expenses	206	4	11	572	15	10						
Rent Rates and Taxes	463	17	8	325	10	6						
Addition to Bad Debts Reserve	4	10	8	4	10	8						
By 11th Dec	112	15	8	116	16	11						
Balance Net Profit of Departments	2 849	14	9	4 808	2	4						
	£ 4 063	17	10	£ 48 436	13	5						

EXERCISE XI—No 16 (contd)

ENGINEERING SUPPLIES CO

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr

Dr	GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..			Cr		
	£	s	d	£	s	d
To Bank Charges	29	5	8	2,819	14	3
Income Tax (paid)	416	14	2	4,808	2	4
Balance Net Profit to Capital Account	7,451	1	7	76	13	4
				162	13	6
	£7,897	3	5	£7,897	3	5

By Departmental Profits—
 Works Department .
 Retail Department .
 Bank Interest .
 Interest on Investments .

EXERCISE XI—No 17

See *Advanced Accounts* pages 3 (under Systems of Accounting) 4 and 5 also page 2 (under Accounts)

EXERCISE XI—No 18

See *Advanced Accounts* page 31 (under sub heading Difference between a Trading Account and a Profit and Loss Accounts)

The accounts from which the Trading and Profit and Loss Accounts are prepared are—

TRADING	PROFIT AND LOSS
Stock	Carriage Outwards
Work in Progress	Rent
Purchases	Rates and Taxes
Sales	Salaries
Carriage	Wages (non productive)
Wages (Productive)	Discount
Expenses (Manufacturing), etc	Commission
	Insurance
	Interest etc

EXERCISE XI—No 19

A suitable form of Cash Book for a large institution such as a County Asylum or Hydropathic Institution would be as described on page 12 of *Advanced Accounts* (under Bank Cash Book) and illustrated on pages 290 and 291

It would not be necessary to have the SALES column as institutions are non trading concerns. Modifications of rulings to the right of the Bank column may be made to suit the particular requirements of the institution

EXERCISE XI—No. 20.

JOURNAL OF ROBERT SAWYER

		£	s	d	£	s	d
19.							
(1)	Fire Insurance Unexpired	25	-	-	25	-	-
	To Fire Insurance						
	Transfer of prepaid insurance						
(2)	Salaries	125	-	-	125	-	-
	To Salaries Reserve						
	Provision made for salaries due to partners A, B, and C						
(3)	Cash	100	-	-	100	-	-
	To R Robinson (Contractee)						
	For receipt of £100 in full settlement of contract price						
	R Robinson (Contractee)	50	-	-	50	-	-
	To Contract (R Robinson's)						
	Transfer of amount equivalent to half of value of contract						
	Contract (R Robinson's)	39	-	-	39	-	-
	To Materials and Wages, etc						
	For materials and labour on contract						
	Contract Account	11	-	-	11	-	-
	To Profit and Loss Account						
	For estimated profit on completed portion of contract						
(4)	Depreciation	78	11	5	78	11	5
	To Patents						
	$\frac{1}{2}$ of £550 written off.						

EXERCISE XI—No 20 (contd)

JOURNAL OF ROBERT SAWYER (contd)

19		£ s d			£ s d		
		£	s	d	£	s	d
	Patent Fees (Renewal)	7	7	-			
	To Patents				7	7	-
	Transfer of patent fees						
	Profit and Loss Account	7	7				
	To Patent Fees				7	7	-
	Transfer of balance						
(5)	Depreciation Account	20	8	2			
	To Machinery Account				20	8	2
	Original Cost £200 @ £120						
	Less 10% 20 12						
	Value at end of 1st yr £180 £108						
	Less 10% 18 10 16						
	Value at end of 2nd yr £162 £97 4						
	Less 10% 16 4 9 14 5						
	Value at end of 3rd yr £145 16 £87 9 7						
	Loss in purchase value of mill ng machine = £145/16/ £87/9/7 £58/6/3 which sum it would be well to write off over a period of 3 years (1 of which is included in depreciation for this year)						
	Profit and Loss Account	20	8	2			
	To Depreciation				20	8	2
	Transfer of balance						
		£484	1	9	£484	1	9

EXERCISE XI—No 21

In the opinion of the writer the abbreviated Statement presented to Subscribers etc is very unsatisfactory for the following reasons—

(a) A Cash Statement (badly constructed) does not adequately explain the financial position of the Institution

(b) According to the Statement submitted it appears that the grants and purchase of Consols on account of Trust Funds exceed Income—an anomalous position without fuller information to work upon

(c) Grants have been made amounting to £4 740 against receipts of subscriptions etc of £4 629 evidence of imprudent allocation of the funds of the institution

See also *Advances Accounts* page 327 (under Errors in Published Accounts)

EXERCISE XI—No. 22

JOURNAL

19		£	s	d	£	s	d
	Consignment Account	750			750		
	To Goods on Consignment						
	For goods consigned to A. Archer of Sydney						
	A. Archer	800			800		
	To Consignment						
	For gross proceeds as per A/s						
	Consignment	85			85		
	To A. Archer						
	For commission and expenses as per A/s						
	Bills Receivable	465			465		
	To A. Archer						
	Bill drawn at 1 mo. for balance of account						
		£2 100			£2 100		

Dr	CASH BOOK	Cr
19	To A. Archer	19
	£ 250	By Consignment A/c— freight £ 24 insurance 84

LEDGER

Dr	CONSIGNMENT ACCOUNT	Cr
19	To Goods on C'ment	19
	Cash (Expte 1965)	By A. Archer
	A. Archer (Expte)	(Gross proceeds)
	Balance (Profit)	Unsold Stock c/d
		Proportion of Ex-
		penses c/d
	£1 078	£ 800
		240
		28
		£1 078
	Stock etc b/d	
	278	

EXERCISE XI—No. 23 (contd.)

MILDRED & MERRYWEATHER

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31st DECEMBER, 19 ,

C4.

[illegible]

EXERCISE XI—No 23 (cont'd)

MESSRS J C MILDRED & W F MERRYWEATHER
BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XI—No 24.

STATEMENT OF PERCENTAGES BASED ON TURNOVER.

NET Sales £19 101/3

	%
Materials Consumed (including Royalty)	57 15
Wages NET	23 72
Gross Profit	21 32
Net Expenses, i.e. (£4,126/2/10—£1 778/13/3) £2,347/9/7	12 30
Net Profit	6 33

EXERCISE XI—No 25

JOURNAL

		£	s	d	£	s	d
19 Jun	1 Bank Account To Capital Account	1 000	-	-	1 000	-	-
	2 Purchases Account To A & Co	362	1	8	362	1	8
	2 X & Co To Bills Payable	362	1	8	362	1	8
	3 Office Furniture To H B C Furnishing Co	131	10	-	131	10	-
	3 H B C Furnishing Co To Bank Account Discount (5% of £131/10/-)	131	10	-	124	18	6
					6	11	6
	3 Purchases Account To London Trading Co	271	6	3	271	6	3
	3 London Trading Co To Returns Outwards	51	6	-	51	6	-
	3 London Trading Co To Bank	220		3	220		3
	4 H Jones To Bank	50		-	50		-
	4 Bills Receivable To H Jones	55		-	55		-
	4 H Jones To Interest	5		-	5		-
	5 Petty Cash Account To Bank	10		-	10		-
	6 George & Co To Sales	220		-	220		-
	6 Bank Account Discount Account (2½% on £220) To G. George	214	10	5	220		-
	7 Purchases Account To W & H Johnson	862	11	1	862	11	1
	8 Salary Drawings To Bank	3		-	20		-
	9 Bank To Sales Sales to A. Murray & Co	71	6	2	71	6	2
	10 Stationery To Petty Cash		15	-	15		-
	11 Murray & Co To Bank A Murray's cheque of 9th inst re- turned dishonoured	71	6	2	71		2
		£4 11s	14	3	£4 11s	14	3

EXERCISE XI—No 26

MR PRICE'S JOURNAL

		£	s	d	£	s	d
19.							
Jan 18	Cash Account	100	-	-	100	-	-
	To R Goodman						
" 18	R Goodman	101	5	-	101	5	-
	To Bills Payable (including Interest)						
" 18	Interest Account	1	5	-	1	5	-
	To R Goodman						
		£202	10	-	£202	10	-

FORM OF INLAND BILL OF EXCHANGE

DUE DATE 21st April, 19—

LONDON.

£101 5 0

18th Jan., 19—

STAMP

2/-

Three months after date pay to my order the sum
of One hundred and one pounds, five shillings, for
value received

To Mr P PRICE,
25 Abnault Avenue,
Chingford

R A. GOODMAN

EXERCISE XI—No 27

Dr

INSURANCE ACCOUNT

Cr

		£	s	d			£	s	d
1937					1938				
Jan 1	To Balance b/f	23	6	-	Dec 31	By Unexpired Insurance			
Mar 31	- Sundries as Purchases					3 mos. on £3		15	-
	Book (2s per cent					6 " £12 10s.		6	5
	of £3 000)	3	-	-		11 " £12 10s.		11	9
June 30	- do, 5s. per cent of	12	10	-		Balance to P & L.		30	17
	£5 000								
Dec 1	do, 2s per cent of	12	10	-					
	£5 000								
		£48	6	2			£48	6	2
1938									
Jan 1	To Balance b/f	18	9	2					

EXERCISE XI—No 28

*Debit Side**PACKING CASES ACCOUNT*

		1935	1936
Jan 1	To Wood and nails	£ 21 10	£ 12 7 6
Jan Dec	Purchases of material	319 15	351 7 6
	Wages of workmen	73	68
		£414 5	£431 1

Credit Side

		1935	1936
Dec 31	By Materials at low	£ 12 7 6	£ 18 5 5
" 31	Transfer to Trade Account	401 17 6	413 10
		£414 5	£431 1

EXERCISE XI—No 29

*NOMINAL LEDGER**Dr**SALES LEDGER ADJUSTMENT ACCOUNT**Cr*

1937		£	s	d	1935		£	s	d
Mar 1	To Balance b/f	2 439	1	7	Mar 1	By Balance b/f	6 47	5	3
" 1-31	Sales	3 589	10	5	" 1-31	Returns		108	7
31	D Peters	9	5			Cash		891	3
						Deducts		93	7
						Bills Receivable		250	8
						Bad Debts		15	6
					31	M. Brown		21	10
						Balance		2 630	12
		£6 057	6					£6 057	16

Balance of Debtors
Less Creditors

£ 2 664 9 6
43 17 6

£2 620 12 -

Balance as Account above £2 630 12s

Difference is £10

The important figures to check first would be—

- (1) Opening Balances of Debtors b/f and any creditors' balances transferred
- (2) Total of subsidiary books related to debtors
- (3) Journal transfers

The student should study carefully the plan or proof of this type of Ledger as explained and graphically set out on page 275 of *Advanced Accounts*

EXERCISE XI—No 30

The best method of dealing with the value of Loose Tools and Plant from the point of view of depreciation is to regard them as stock in trade evaluating the stock of Loose Tools and Plant at end of year at cost or market price whichever is the lower

It may be advisable to view some of such stock if held for a long period as of no value. Generally however the at cost or market valuation fairly meets the case of this class of plant.

EXERCISE XII—No. 1

JOHN ROBERTSON'S DRAWINGS ACCOUNT

Dr		Amount		Amount	
		£	s	£	s
19	To Cash	8	6	250	0
May 1	"	6	10	300	0
July 1	"	2	13	200	0
Nov 1	"	1	8	100	0
Dec 1	"	1	—	17	18
31	Interest	—	—	177	1
" 31	" Balance transferred to Capital Account	—	—	—	8
				£1 045	—
				—	—
				£1 045	—

EXERCISE XII—No 3

JOURNAL

		£	s	d	£	s	d
19							
Jan	1	Sundry Debtors	£	560			
		Goodwill		310			
		To Bad Debts Reserve (5% of £560)				28	
		C's Capital Account				842	
		For assets brought in by C	£	870		£	870
"	1	Coal Trucks		70			
		Carts Plant Horses and Harness		74			
		Goodwill		455			
		To Bad Debts Res (7½% of £3 720)				279	
		A's Capital Account				160	
		B's				160	
		For NET gain to A and B on the revaluation of their assets	£	1 469		£	1 469

(Dr SIDE)

CASH BOOK

			Cash			Bank		
19			£	s	d	£	s	d
Jan	1	To Balance	18	-	-	1 166	-	-
	1	C's Capital				148	-	-
		(Amount brought in to raise his Capital from £842 to £1 000)						
			£18	-	-	£1 324	-	-

(Cr SIDE)

		Cash			Bank		
		£	s	d	£	s	d
19							
Jan	1	By A's Capital (Amount withdrawn to reduce his Capital from £3 260 to £2 760)					
	1	Balance c/d					
		18	-	-	824	-	-
		£18	-	-	£1 324	-	-

EXERCISE XII - No 3 (cont'd)

MISSRS A R & C

BALANCE SHEET 1ST JANUARY 19..

[illegible]

EXERCISE XII—No 4

JOURNAL

	£	s	d	£	s	d
<i>Capital Accounts—</i>						
Dickson	980	—	—			
Bell	735	—	—			
Peters	490	—	—			
To Profit and Loss Adjustment A/c				2 205	—	—
Transfer of incorrect shares of profit as shown in the Profit and Loss Account						
Profit and Loss Adjustment A/c	2 205	—	—			
To <i>Capital Accounts—</i>						
Dickson $\frac{2}{3}$ share				1 046	8	10
Bell $\frac{1}{3}$ share				784	16	8
Peters $\frac{1}{3}$ share				373	14	6
Respective shares of profit transferred						
	£4 410	—	—	£4 410	—	—

LEDGER

Dr DICKSON'S CAPITAL ACCOUNT

Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	980	—	—	By Balance	3 920	—	—
Balance c/d	3 986	8	10	Profit and Loss Adjustment Account	1 046	8	10
	£4 966	8	10		£4 966	8	10
				By Balance b/d	£3 986	8	10

Dr BELL'S CAPITAL ACCOUNT

Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	735	—	—	By Balance	2 940	—	—
Balance c/d	2 989	16	8	" Profit and Loss Adjustment Account	784	16	8
	£3 724	16	8		£3 724	16	8
				By Balance b/d	£2 989	16	8

Dr PETERS' CAPITAL ACCOUNT

Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	490	—	—	By Balance	1 540	—	—
Balance c/d	1 423	14	6	" Profit and Loss Adjustment Account	373	14	6
	£1 913	14	6		£1 913	14	6
				By Balance b/d	£1 423	14	6

MESSRS BLACK & WHITE

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr

Dr	£	s	d	£	s	d
To Stock, 1st Jan	3 000	-	-	By Sales	24 800	-
Purchases	16 450	-	-	" Stock, 31st Dec	3 125	-
" Manufacturing Wages	2 150	-	-			
" Balance, Gross Profit c/d	6 425	-	-			
	£ 28 025	-	-		£ 28 025	-

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

Dr	£	s	d	£	s	d
To Salaries	820	-	-	By Trading Account	6 425	-
Rates and Taxes	325	-	-			
Trade Charges	400	-	-			
Lease A/c (1/2 of £2 400 written off)	400	-	-			
Int on Mortgage (4 1/2% of £5 000)	225	-	-			
Depreciation—	200	-	-			
Plant (5% of £4 000)	655	-	-			
Bad Debts Res (5% of £13,100)	600	-	-			
Less Old Reserve	55	-	-			
Interest on Capital Accounts—						
Black, 5% of £5 000	250	-	-			
White 5% of £2 000	100	-	-			
Bal, Net Profit to Capital A/cs						
(1/2 sh to each partner, i.e. £1,825)						
	£ 6 425	-	-		£ 6 425	-

EXERCISE XII No 5 (cont'd)

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XII—No 6.

MESSRS LION & UNICORN

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr. Cr.

Dr.	£	s	d	£	s	d	Cr.
To Stock, 1st Jan							£ 74,441
„ Purchases Account	63 000			25,220			30,342
„ Less Allowances by Creditors	2,420						
„ Less Transfer to Building A/c	3,000						
„ Wages	6 221			57,580			
„ Less Transfer to Buildings A/c	250						
„ Coal				5,971			
„ Gas and Water				4,404			
„ Balance, Gross Profit c/d				302			
				11,306			
				£ 104,783			£ 104,783

EXERCISE XII—No 6 (contd.)

MESSRS LION & UNICORN

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

[illegible]

EXERCISE XII--No 6 (contd.).

MESSRS LION & UNICORN

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES		£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Sundry Creditors	3	860	-	Cash in hand	.	.	.	2	510	-
Capital Accounts—								" at Bank	.	.	.	2	185	-
R Lion								Sundry Debtors	.	.	.	7	940	-
Balance, 1st Jan	59	400	-	Less Bad Debts Reserve	.	.	.	397	-	-
Add Interest	2	970	-	Stock	.	.	.	25	000	-
					82	370	-	Machinery and Plant	.	.	.	2	500	-
Less Share of Loss	£2	810	-	Less Depreciation	.	.	.	3	250	-
" Drawings	£4	250	-	Barges	.	.	.	3	250	-
					7	060	-	Less Depreciation	.	.	.	325	-	-
P Unicorn								Land and Buildings	.	.	.	13	840	-
Balance, 1st Jan	30	000	-	Add Transfer from Purchases	.	.	.	3	000	-
Add Interest	1	500	-	Transfer from Wages	.	.	.	250	-	-
					31	500	-	Advertising Suspense A/c	.	.	.	17	090	-
Less Share of Loss	£2	810	-					2	900	-
Drawings	£2	050	-							-
					4	860	-							-
												£	85	810

EXERCISE XII—No 7

WILLIAM JAMES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Cash	10	3	6	8	80		-
June 1		7	2	18	4	100		
Sept 1		4		16	8	50		-
Dec 1		1		10		120		-
						7	11	8
31	Interest							
						£357	11	8

EDWARD JONES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Capital (5% of £2 000 for 2 mos)	2	16	13	4			
Apr 1	Cash	9	1	17	6	50		-
July 1		6	1	17	6	75		-
Oct 1		3		18	9	75		-
Dec 1		1		6	3	75		-
31	Interest					21	13	4
						£296	13	4

EXERCISE XII—No. 7 (contd.)

JOURNAL
CLOSING ENTRIES

		Dr.			Cr.		
		£	s	d	£	s	d
19..							
Dec. 31	Trading Account	5,750	-	-	5,750	-	-
	To Purchases						
" 31	Sales	6,020	-	-			
	Stock, 31st Dec	2,478	-	-	8,498	-	-
	To Trading Account						
" 31	Trading Account	2,748	-	-			
	Interest on Partners' Drawings	29	5	-	2,777	5	-
	To Profit and Loss Account						
" 31	Profit and Loss Account	1,754	-	-			
	To Rents, Rates, Taxes, and Inse				187	-	-
	Office and General Expenses				125	-	-
	" Horse Keep				95	-	-
	" Discounts and Allowances				45	-	-
	" Interest, Commission, and Bank						
	Charges				32	-	-
	" Printing Stationery, and Adver-						
	tising				15	-	-
	" Travelling Expenses				120	-	-
	" Salaries and Wages				1,020	-	-
	" Freight and Carriage				115	-	-
" 31	Profit and Loss Account	1,023	5	-			
	To Capital Accounts—						
	W James, $\frac{2}{3}$ share				613	19	-
	E Jones, $\frac{1}{3}$ share				409	6	-
" 31	W James's Capital Account	357	11	8	357	11	8
	To W James's Drawings Account						
" 31	E Jones's Capital Account	296	13	4	296	13	4
	To E Jones's Drawings Account						
		£ 20,456	15	-	20,456	15	-

MESSRS JAMES & JONES
GENERAL STATEMENT OF ASSETS AND LIABILITIES

ASSETS	£	s	d	£	s	d	LIABILITIES	£	s	d	£	s	d
Trade Debtors				2,314	-	-	Trade Creditors				848	-	-
Stock				2,478	-	-	Capital Accounts—						
Horses, Carts, and							William James	3,256	7	4			
Harness				225	-	-	Edward Jones	2,112	12	8	5,369	-	-
Office Furniture and				250	-	-							
Fittings				750	-	-							
Plant, Tools, etc.													
				£8,217	-	-					£8,217	-	-

EXERCISE XII—No 8

JOURNAL

		£	s	d	£	s	d
19 Mar 31	Capital Accounts— X Y Z To Profit and Loss A/c (adjusted)	800 400 400	— — —	— — —	1 600	—	—
" 31	Profit and Loss Account (adjusted) To Interest on Capital Accounts— X Y Z	220	—	—	110 90 20	— — —	—
		£1 820	—	—	£1 820	—	—

Dr		CAPITAL ACCOUNT X				Cr	
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 800	s —	d —	19 Dec 31	By Balance	£ 3 000
" 31	Balance c/d	3 000	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	110 890
		£3 800	—	—			£3 800
					Mar 31	By Balance b/d	3 000

Dr		CAPITAL ACCOUNT Y				Cr			
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s —	d —	19 Dec 31	By Balance	£ 2 200	s —	d —
" 31	Balance c/d	2 235	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	90	—	—
		£2 635	—	—			£2 635	—	—
					Mar 31	By Balance b/d	2 235	—	—

Dr		CAPITAL ACCOUNT Z				Cr			
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s —	d —	19 Dec 31	By Balance	£ 800	s —	d —
" 31	Balance c/d	765	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	20	—	—
		£1 165	—	—			£1 165	—	—
					Mar 31	By Balance b/d	765	—	—

EXERCISE XII—No. 8 (contd)

Dr		PROFIT AND LOSS ACCOUNT (ADJUSTED)				Cr		
		£	s	d		£	s	d
19 Mar 31	To Int on Capital A/c— X (5% of £2,200) Y (5% of £1,800) Z (5% of £400)	110 90 20	— — —	— — —	19 Mar 31	By Capital Accounts— X (1/3 of £1,600) Y (1/3 of £1,600) Z (1/3 of £1,600)	800 400 400	— — —
" 31	" Balance to Cap A/c— Y £690 V £345 Z . . . £345							
		1,380	—	—				
		£1,600	—	—		£1,600	—	—

EXERCISE XII—No. 9

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19 .

[(a) FIXED METHOD]

LIABILITIES				£	s	d	£	s	d
Bills Payable	.	.	.				1,706	2	8
Sundry Creditors	.	.	.				2,173	13	9
Outstanding Expenses	.	.	.				173	3	11
Loan Account R Rudd	.	.	.				1,500	—	—
Capital Accounts—									
R Rudd	.	.	.	2,000	—	—			
B Butler	.	.	.	4,500	—	—			
							11,500	—	—
Current Accounts—									
R Rudd									
Interest on Capital	.	.	.	350	—	—			
" on Loan	.	.	.	75	—	—			
Share of Profit	.	.	.	1,473	2	8			
				1,898	2	8			
Less Drawings	.	.	.	1,600	—	—			
							298	2	8
B Butler									
Interest on Capital	.	.	.	225	—	—			
Share of Profit	.	.	.	1,156	13	10			
				1,381	13	10			
Less Drawings	.	.	.	1,200	—	—			
							181	13	10
							£ 17,534	16	10

EXERCISE XII—No 9 (*contd*)

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19

[(b) NOT FIXED METHOD]

LIABILITIES	£	s	d	£	s	d
Bills Payable				1 706	2	8
Sundry Creditors				2 173	13	9
Outstanding Expenses				175	3	11
Loan Account R Rudd				1 500		-
<i>Capital Accounts—</i>						
<i>R Rudd</i>						
Balance 1st Jan	7 000					
Add Interest	350	-				
on Loan	75	-				
Share of Profit	1 473	2	8			
	8 898	2	8			
Less Drawings	1 600			7 298	2	8
<i>B Butler</i>						
Balance 1st Jan	4 500	-	-			
Add Interest	225	-	-			
Share of Profit	1 156	13	10			
	5 881	13	10			
Less Drawings	1 200			4 681	13	10
				17 534	16	10

EXERCISE XII No 10

(Dr SIDE)

CASH BOOK

	Bank		Bank
19	£	s	d
To D Dawson's Capital Account	1 500		

Note—Separate cheques would be handed to A Bassett and P Palmer for their respective shares of *Goodwill*

EXERCISE XII—No 11.

Dr.		CASH BOOK				Cr.		
		Bank				Bank		
		£	s	d		£	s	d
19	To F. Fletcher & Capital	2	300	—	19	By Goodwill (Amount paid to D Dutton by F Fletcher for share of Goodwill)		
						2,000	—	—
		£2 300	—	—		£2,300	—	—
	To Balance b/d	£2,000	—	—				

EXERCISE XII—No 12

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Sundry Debtors.	£920	—	—			
	Goodwill	350	—	—			
	To Bad Debts Reserve (5% of £920)				46	—	—
	„ F Fir's Capital				1,224	—	—
	For assets brought in by F Fir						
„ 1	Plant and Tools	1,270	—	—	1,270	—	—
	Horses Carts Wagons, etc	134	—	—			
	Goodwill	35	—	—			
	To Bad Debts Reserve (5% of £3,940)	1,050	—	—	197	—	—
	A Dean's Capital Account				511	—	—
	„ B Gibson's Capital Account				511	—	—
	For net gain to Dean and Gibson on the revaluation of their assets						
		£2,489	—	—	£2,489	—	—

EXERCISE XII—No 13

JOURNAL

19..		£	s	d	£	s	d
Jan 1	Goodwill Account	8					
	To Difference in Books				8		
	For transfer of balance						
	Reserve for Depreciation	608					
	Depreciation Account	200					
	To Plant and Machinery				808		
	For transfer of " Reserve for Deprecia- tion," and a further depreciation of plant						
	Goodwill Account	200					
	To Depreciation				200		
	For transfer of balance						
	Depreciation Account	200					
	To Patents Account				200		
	For amount charged against deprecia- tion to reduce value of patents						
	Goodwill Account	200					
	To Depreciation				200		
	For transfer of balance						
		£1 416			£1 416		

OPENING ENTRIES

19		£	s	d	£	s	d
Jan 1	Leasehold Factory	12 540					
	Machinery and Plant	7 392					
	Patents	400					
	Sundry Debtors	1 560					
	Stock	1 453					
	Goodwill	4 863					
	To Sundry Creditors				3 218		
	.. Peter White (vendor)				25 000		
		£ 28 218			£ 28 218		

Dr

CASH BOOK

Cr

19		£	s	d	19		£	s	d
Jan 1	To Capital Accounts—				Jan 1	By Peter White	25 000		
	Smith	12 000				(vendor)			
	Brown	10 000				Balance c/d	3 000		
	Robinson	6 000							
		£ 28 000					£ 28 000		

EXERCISE XII No 13 (contd)

MESSRS SMITH BROWN & ROBINSON
BALANCE SHEET AS AT 1ST JANUARY 19

LIABILITIES	£		s		d		ASSETS		£		s		d	
	£	s	d	£	s	d	Bank		£	s	d	£	s	d
Sundry Creditors				3 218			Sundry Debtors					3 000		
Capital Accounts—							Stock					1 560		
Smith	12 000	-	-				Goodwill					1 458		
Brown	10 000	-	-				Patents					4 868		
Robinson	6 000	-	-				Machinery and Plant					400		
							Leasehold Factory					7 392		
												12 540		
												£ 31 218		

EXERCISE XII—No 14

P CREW (DECEASED)

19 Jan—June June 30	To Drawings Balance c/d		£		s		d		By Balance Interest (5% of £3 000 for 6 mos.) Share of Profit (1/3 of £2 024) Share of Policy (1/3 of £8 000) Share of Goodwill		£		s		d	
	19 Jan June 30	1 June 30	£	s	d	£	s	d	By Balance		£	s	d	£	s	d
			720	-	-	7 955	16	-			3 000			75		
											404			16		
											3 200			-		
											1 996			-		
											£ 8 675			16		
											7 955			16		
														-		

Note—The value of Goodwill is arrived at by method as below—

$$\frac{1}{3} \text{ of } [£2 073 + £2 458 + £2 024 + £930 \text{ (3 years insurance premiums)} - 3] \times 2$$

EXERCISE XII—No 15

Dr P CREW (DECEASED) LOAN ACCOUNT Cr

		£	s	d			£	s	d
19		1,000	-	-	19		7 855	16	-
Year 1	To Cash (1 yr. installment)	7 154	13	11	Year 1	By Balance	198	17	11
	Balance c/d					" Interest (6 months)			
		£8 154	13	11			£8 154	13	11
Year 2	To Cash	2 000			Year 2	By Balance b/d	7 154	13	11
	Balance c/d	5,512	8	7		" Interest (1 year)	327	14	6
		£7 512	8	7			£7,512	8	7
Year 3	To Cash	2 000			Year 3	By Balance b/d	5,512	8	7
	Balance c/d	3,788	1	-		" Interest (1 year)	275	12	5
		£3 788	1	-			£5,788	1	-
Year 4	To Cash	2 000			Year 4	By Balance b/d	3,788	1	-
	Balance c/d	1,977	9	1		" Interest (1 year)	159	5	1
		£3 977	9	1			£3 977	9	1
Year 5	To Cash	2 000			Year 5	By Balance b/d	1 977	9	1
	Balance c/d	78	6	6		" Interest (1 year)	98	17	5
		£2 078	6	6			£2 078	6	6
Year 6	To Cash	80	2	10	Year 6	By Balance b/d	78	6	6
						" Interest (1 year)	3	18	4
		£80	2	10			£80	2	10

EXERCISE XII—No 16

P PORTER IN ACCOUNT CURRENT WITH E HELM

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 1	To Cash	£ 550	303	167 750	19 Jan 1	By Cash (£ of £1 525)	£ 610	364	222 040
May 1	5 in lry Creditors (£ of £1 235)	494	244	120 536	1	Furnit re (£ of £310)	124	364	45 136
June 1		650	213	138 450	1	Goodwill	625	364	227 500
Sept 1	Balance of Products	750	121	90 750	1	Sundry Debtors (£ of £4 409)	1 760	121	212 960
Dec 31	Balance c/d	701	1	190 150	31	Balance of Interest	26		
		£3 145		£707 636			£3 145		£707 636
Dec 31	To Cash	701	1		Dec 31	By Balance b/d	701	1	

EXERCISE XII—No 16 (contd)

Dr. PROFIT AND LOSS ADJUSTMENT ACCOUNT Cr

19				19			
Jan 1				Jan 1			
To Bad Debts (Loss)	£	s	d	By Discount on Creditors (GAIN)	£	s	d
" Furniture (Loss)	224	-	-	" Capital Accounts—	30	-	-
	26	-	-	Porter, $\frac{1}{2}$ of loss	110	-	-
				Helm, $\frac{1}{2}$ of loss	110	-	-
	£250	-	-		£250	-	-

ADJUSTED BALANCE SHEET AS AT 1ST JANUARY, 19.

LIABILITIES				ASSETS			
Sundry Creditors	£	s	d	Cash	£	s	d
Capital Accounts—	1 235	-	-	Sundry Debtors	1 525	-	-
E Helm	3 000	-	-	Furniture	4 400	-	-
P Porter	2 000	-	-		310	-	-
	£6 235	-	-		£6 235	-	-

EXERCISE XII—No 17

PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19. Cr

19				19			
Dec 31				Dec 31			
To Trading Account	£	s	d	By Capital Accounts—	£	s	d
Interest on Capitals—	1 000	-	-	R. Rostrom	1 000	-	-
A. Rostrom	157	10	-	($\frac{1}{2}$ share of loss)	249	-	-
($\frac{1}{2}\%$ of £3,750)				T. Teale			
T. Teale	57	10	-	($\frac{1}{2}$ share of loss)			
($\frac{1}{2}\%$ of £750)					£1 299	-	-
	£1 214	-	-				

Dr. CAPITAL ACCOUNT—R. ROSTROM Cr

19				19			
Dec 31				Dec 31			
To Drawings	£	s	d	By Balance b/d	£	s	d
" Profit and Loss (Share of loss)	600	-	-	Interest	3 750	-	-
" Balance c/d	1 000	-	-		147	10	-
	2 281	10	-		£3 997	10	-
	£3 997	10	-	Dec 31 By Balance b/d	2 281	10	-

EXERCISE XII—No 19

CASH BOOK
(CREDIT SIDE)

		£	s	d
19 Jan 1	By Balance (Bank Overdraft)	6,000	-	-
" 1	" Balance c/d	1,000	-	-
		<u>£7,000</u>	-	-

(DEBIT SIDE)

		£	s	d
19 Jan 1	To Capital Accounts—			
	A	3,500	-	-
	B	3,500	-	-
		<u>£7,000</u>	-	-
19 Jan 1	To Balance b/d	£1,000	-	-

B will hand A a cheque for his share of the profit, i.e. his share of the Goodwill of the business.

EXERCISE XII—No 20

JOURNAL

		£	s	d	£	s	d
19 Apr 25	Goodwill Account	4 250	-	-			
	To Capital Accounts—						
	M Mason				3 500	-	-
	B Box				750	-	-
	For amount of GOODWILL credited to M Mason and B Box						
" 25	Capital Accounts—						
	M Mason (5% of £6,500)	325	-	-			
	B Box (5% of £5 750)	287	10	-			
	To Bad Debts Reserve				612	10	-
	For debiting Capital Accounts their respective amounts of Bad Debts Reserve						
" 25	Profit and Loss Account	1 650	-	-			
	To M Mason's Capital Account				1,650	-	-
	Transfer of Balance						
		<u>£6 512</u>	10	-	<u>£6 512</u>	10	-

EXERCISE XII—No 20 (contd)

MESSRS MASON & BOX

BALANCE SHEET AS AT 25TH APRIL 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Creditors				5	145	-	Cash	17	0	-			
Capital Accounts—							Bank	3	8	0			
M Mason				27	43		Debtors	12	0	0	4	02	0
B Box				0	062	10	Less Bad Debts Res.	0	12	10			
							Stocks				11	637	10
							Goodwill				8	62	0
							Buildings				4	2	0
											10	000	
											£	38	037 10 -

EXERCISE XII—No 21

A pays £3 000 for 12 months (contributed 1st Jan) = 60 000
 A pays £2 000 for 2 months (contributed 1st Nov) = 4 000

A's contribution = 64 000
 B pays £4 000 for 9 months (contributed 1st Apr) = 36 000
 C pays £4 000 for 7 months (contributed 1st June) = 28 000

£128 000

A's share of profit = $\frac{1}{3}$ of £2 520 = 1 260 - -
 B's share of profit = $\frac{2}{3}$ of £2 520 = 708 15 -
 C's share of profit = $\frac{1}{3}$ of £2 520 = 851 5 -
£2 520 - -

EXERCISE XII—No 22

W Winder pays £2 205 for a $\frac{2}{3}$ share of 2 years purchase price of the average of such profits

The value of the profits = $\frac{£2\ 205 \times 7}{3 \times 2} = £2\ 572/10/-$

S Simpson's Capital in the new partnership is arrived at as under—

$\frac{1}{3}$ of £2 205 (sum paid by W Winder for share of profits) i.e. £1 102/10/-,
 deducted from £3 795 (equivalent of W Winder's Capital) + £1 897/10/-
 ($\frac{1}{3}$ of £3 795) = £5 692/10/-

S Simpson's Capital before the NEW partnership was equal to £5,692/10/-,
 i.e. £1,102/10/-, i.e. £4 590

EXERCISE XII—No. 23.

	Dr	BUSINESS PURCHASE ACCOUNT	Cr.
--	----	---------------------------	-----

		£	s	d			£	s	d
Year 1	To Cash	1 000			Year 1	By X	7 020		
	" Balance c/d	6 371				" Interest	351		
		£7 371					£7 371		
Year 2	To Cash	1 000			Year 2	By Balance b/d	6 371		
	" Balance c/d	5 689	11			" Interest	318	11	
		£6 689	11				£6 689	11	
Year 3	To Cash	1 000			Year 3	By Balance b/d	5 689	11	
	" Balance c/d	4 974	7			" Interest	284	9	7
		£5 974	7				£5 974		7
Year 4	To Cash	1 000			Year 4	By Balance b/d	4 974	7	
	" Balance c/d	4 222	14	8		" Interest	248	14	1
		£5 222	14	8			£5 222	14	8
Year 5	To Cash	1 000			Year 5	By Balance b/d	4 222	14	8
	" Balance c/d	3 433	17	5		" Interest	211	2	9
		£4 433	17	5	Year 6	By Balance b/d	3 433	17	5

	Dr	GOODWILL ACCOUNT	Cr
--	----	------------------	----

		£	s	d			£	s	d
Year 1	To X	2 000			Year 1	By Profit and Loss	349	10	
						" Balance c/d	1 650	5	
		£2 000					£2 000		
Year 2	To Balance b/d	1 650	5		Year 2	By Profit and Loss	407	17	3
						" Balance c/d	1 242	7	8
		£1 650	5				£1 650	5	
Year 3	To Balance b/d	1 242	7	9	Year 3	By Profit and Loss	441	7	7
						" Balance c/d	801		2
		£1 242	7	9			£1 242	7	9
Year 4	To Balance b/d	801		2	Year 4	By Profit and Loss	402	16	6
						" Balance c/d	238	3	8
		£801		2			£801		2
Year 5	To Balance b/d	238	3	8	Year 5	By Profit and Loss	238	3	8

	Dr	PROFIT AND LOSS ACCOUNT (1ST YEAR)	Cr
--	----	---------------------------------------	----

		£	s	d			£	s	d
19	To Interest	351			19	By Balance	1 750		
	" Goodwill	319	15						
	" Balance	1 049	5						
	" (Net profit)						£1 750		
		£1 750							

EXERCISE XII—No 23 (contd)

PROFIT AND LOSS ACCC JNT

Dr					(2ND YEAR)					Cr				
19	To Interest	£	s	d	19	By Balance	£	s	d					
	Goodwill	318	11				1900							
	Balance	407	17	3										
	(Net profit)	1223	11	9										
		£1900					£1900							

Dr		(3RD YEAR)			Cr				
19	To Interest	£	s	d	19	By Balance	£	s	d
	Goodwill	281	9	7			2 000	-	-
	Balance	441	7	7					
	(Net profit)	1 164	2	10					
		£7 000					£2 000	-	-

Dr		(4TH YEAR)					Cr		
19	To Interest	£	s	d	19	By Balance	£	s	d
	Goods II	248	14	1			2 500		-
	Balance	16	6						
	(Vs p old)	1 608	9	5					
		12 400					12 500		

Dr		(5TH YEAR)		Cr	
19	To Interest	£	s d	19	By Balance
	Goodwill	211	9 9		£
	Balance	238	3 8		2 06s
	(Net profit)	161s	13 7		
		£2 06s			£2 06s

EXERCISE XII—No 24

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s.	d.		£	s.	d.
To Capital Accounts—				By Balance	1	7	50
Cox £	1000						
Mason £	600						
Balance (agreed amount)	300						
	£1900				£1	7	50

EXERCISE XII—No 25

PROFIT AND LOSS ACCOUNT

	£	s	d		£	s	d
To Interest due to C. Carus & Loan	41	13	4	By Trading A/c	2,760	-	-
" Balance Net Profit to Cap A/c's							
C. Carus, $\frac{1}{2}$ £1,359 3 4							
O. Kelly $\frac{1}{2}$ £1,359 3 4							
	718	6	8				
	2,760	-	-		2,760	-	-

EXERCISE XII—No 26

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d		£	s	d
To Interest on Capital Accounts—				By Balance	2,000	-	-
Hart (5% of £3,000)	175	-	-				
Capper (5% of £2,500)	125	-	-				
Bonar (5% of £1,740)	87	-	-				
" Balance (Net profit) c/d .	1,662	-	-				
	2,000	-	-		2,000	-	-
To Capital Accounts—				By Balance b/d	1,662	-	-
Hart (30% of 1st £1,000)	500	-	-				
Capper (30% of 1st £1,000)	300	-	-				
Bonar (20% of 1st £1,000)	200	-	-				
	1,000	-	-				
To Capital Accounts—							
Hart ($\frac{1}{3}$ of £662)	220	13	4				
Capper ($\frac{1}{3}$ of £662)	220	13	4				
Bonar ($\frac{1}{3}$ of £662)	220	13	4				
	1,662	-	-		1,662	-	-

Dr

CAPITAL ACCOUNT, HART

Cr

	£	s	d		£	s	d
19 Dec 31 To Drawings	80	-	-	19 Jan 1 By Balance	3,500	-	-
" 31 " Balance c/d	3,545	13	4	Dec 31 Interest	175	-	-
	4,395	13	4	" 31 " Profit and Loss A/c (Share of Profit)	220	13	4
					4,395	13	4
				Dec 31 By Balance b/d	3,545	13	4

Dr

CAPITAL ACCOUNT CAPPER

Cr

	£	s	d		£	s	d
19 Dec 31 To Drawings	60	-	-	19 Jan 1 By Balance	2,500	-	-
" 31 " Balance c/d	2,816	13	4	Dec 31 Interest	125	-	-
	3,466	13	4	" 31 Salary	300	-	-
				" 31 " Profit and Loss A/c (Share of Profit)	520	13	4
					3,466	13	4
				Dec 31 By Balance b/d	2,816	13	4

EXERCISE XII—No 26 (contd.)

Dr				CAPITAL ACCOUNT BONAR				Cr			
19				£	s	d	19				
Dec 31	To Drawings			450			Jan 1	By Balance		1 740	
" 31	Balance c/d			047	13	4	Dec 31	Interest		87	
								Salary		250	
								Profit and Loss A/c (Share of Profit)		490	13 4
				497	13	4				£ 497	13 4
							Dec 31	Balance b/d		2 047	13 4

EXERCISE XII—No 27

STATEMENT OF ADJUSTED PROFITS

	YEARS			TOTAL
	1st	2nd	3rd	
	£	£	£	£
Profits for 2nd and 3rd years		2 749	3 505	6 254
Add Interest recoverable from Flynn	40	40	40	120
Salary recoverable from Flynn	100	100	100	300
	£140	£2 889	£3 645	£6 674
Less Loss of 1st year				560
Total distributable Profits				£6 114

Dr				CAPITAL ACCOUNT F FLYNN				Cr			
19				£	s	d	19				
	To Profit and Loss A/c (Surcharge of 5 ms paid in excess of agreed new profits share)			4 599				By Cash (Loan transferred)		4 000	
	Balance c/d			£5 019				Profit and Loss A/c (Share of adjusted profits)		1 019	
										£5 019	
								By Balance b/d		4 599	-

Note.—The Partners' Capital Accounts have been credited with profits on the basis of the adjusted profits.

If it is inferred that B Bartle and W West have withdrawn their respective shares of past years' profits, then the credit balance of £599 due to F Flynn under the new scheme must be borne by B Bartle and W West in the ratio of their capitals, as under—

B Bartle $\frac{2}{3}$ i.e. £398s 0d W West $\frac{1}{3}$ i.e. £239 12s 0d

EXERCISE XII—No. 27 (contd)

Dr.		CAPITAL ACCOUNT, B BARTLE				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		15,057	-	-	By Balance	£ 12,000
						Profit and Loss A/c	3,057
						(Share of adjusted profits)	
			15,057	-	-		£ 15,057

Dr.		CAPITAL ACCOUNT, W WEST				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		10,038	-	-	By Balance	£ 8,000
						Profit and Loss A/c	2,038
						(Share of adjusted profits)	
			10,038	-	-		£ 10,038

EXERCISE XII—No. 28

Dr.		CAPITAL ACCOUNT BROWN				Cr.	
19			£	s	d	19	
Dec 31	To Assignments—					Mar 31	
	(a) Eldest Son $\frac{1}{2}$	4,000	-	-		Sept 30	
	(b) Other Children						
	($\frac{1}{2}$ of $\frac{1}{2}$ to each)					By Balance	£ 9,000
	(1)	1,000	-	-		Share of Profit	675
	(2)	1,000	-	-		Cash	125
	(3)	1,000	-	-			
	(4)	1,000	-	-			
	Balance c/d	2,000	-	-			£ 10,000
		£ 10,000	-	-			

See *Advanced Accounts* page 95 (under Limited Partnership)

EXERCISE XII—No. 29

The adjustments necessary in the accounts in order to avoid loss to M and N and a gain to K are as follows—

- (1) Create a Goodwill Account and credit M and N with their respective shares, and
- (2) Provide for interest on the partners' capital

EXERCISE XII—No. 30 JOURNAL

			£	s	d	£	s	d
19..								
Jan 1	Land and Buildings . . .		250	-	-			
" 1	Capital Account, A . . .		730	-	-			
	To Plant . . .					180	-	-
	" Sundry Debtors . . .					500	-	-
	" Stock . . .					300	-	-
	For NET LOSS on revaluation of assets transferred to A as per agreement		£ 980	-	-	£ 980	-	-

Dr		CASH BOOK		Cr	
19 Jan 1	To Balance	£ 600	19 Jan 1	By A's Capital Account	£ 70
1	C's Capital Account	1 000	1	(Amount withdrawn)	1 330
		£ 600		Balance c/d	£ 1 600

LIABILITIES						ASSETS							
	£	s	d	£	s	d		£	s	d	£	s	d
Creditors and Balances payable				3 000			Bank Debtors and B/R or value				1 330		
Capital A/c —							Stock				2 000		
A	7 000						Plant				1 670		
B	2 000						Buildings				2 250		
C	1 000												
				6 000									
				£9 000							£9 000		

Dr		REALIZATION ACCOUNT		Cr		
19 Dec 31	To Sundry Assets	£ 4,370		19 Dec 31	By Cash	£ 4,792
31	Cash (Expenses)	67		31	" Discounts Recd	38
31	Balance (Profit) to Capital Accounts					
	B B ck + £1844					
	W White + £1861					
		973				
		£4,830				£4,830

Dr		CASH BOOK				Cr	
19		£		19		£	
Dec 31	To Bal mce	1 0		Dec. 31	By S ndrw Cred tocs	412	
" 31	Real tation &c	4 79 ¹		31	Real tation (Laps)	87	
				31	Bl B ack	3 93 ¹	10
				31	" W White	1 146	10
		£4 91 ¹				£4 91 ¹	

Note—The amounts paid out to B Black and W White are equal to their original Capitals *plus* their respective shares of PROFIT on Realization.

EXERCISE XIII—No 2

Dr.		REALIZATION ACCOUNT				Cr			
19	To Sundry Assets	£	s	d	19	By Cash	£	s	d
	" Cash (Expenses)	5 500	-	-		" Discounts Received	4 800	-	-
		250	-	-		" Balance (Loss) to	100	-	-
						Capital Accounts—			
						Black, $\frac{1}{2}$	375	-	-
						White, $\frac{1}{2}$	375	-	-
							750	-	-
		£5 750	-	-			£5 750	-	-

Dr		CASH BOOK				Cr			
19	To Balance	£	s	d	19	By Creditors	£	s	d
	" Realization A/c	400	-	-		" Realization (Fspa)	1 700	-	-
		4 800	-	-		Capital Accs—	230	-	-
						Black	2 825	-	-
						White	825	-	-
		£5 280	-	-			£3 280	-	-

Note—The amounts paid out to Black and White are equal to their original Capital less their respective shares of Loss on Realization.

EXERCISE XIII—No 3

Dr		BLACK & WHITE'S BOOKS				Cr			
		PROFIT AND LOSS ACCOUNT							
19		£	s	d	19		£	s	d
Dec 31	To Capital Accounts—				Dec 31	By Balance	1 000	-	-
	Black $\frac{1}{2}$ share	500	-	-					
	White, $\frac{1}{2}$ share	400	-	-			£1 000	-	-
		£1 000	-	-					
19					19				
Dec 31	To Capital Accounts—				Dec 31	By Balance	1 200	-	-
	Black $\frac{2}{3}$ share	600	-	-					
	White, $\frac{1}{3}$ share	600	-	-			£1 200	-	-
		£1 200	-	-					
19					19				
Dec 31	To Capital Accounts—				Dec 31	By Balance	1,350	-	-
	Black $\frac{2}{3}$ share	675	-	-					
	White, $\frac{1}{3}$ share	675	-	-			£1 350	-	-
		£1 350	-	-					

Dr		BLACK'S BOOKS				Cr	
		GOODWILL ACCOUNT					
19		£	s	d			
Dec 31	To W White's Capital	1,000	-	-			
	(For purchase of						
	W White's share						
	of Goodwill)						

EXERCISE XIII—No 3 (contd)

CAPITAL ACCOUNTS

Dr		BLACK			Cr	
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance
" 31	Balance c/d	3 000	-		Dec 31	Profit and Loss
		£3 500	-			3 000
						500
						£3 500
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 100	-		Dec 31	Profit and Loss
		£3 600	-			3 000
						600
						£3 600
19		£	s	d	19	
Dec 31	To Drawings	500	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 275	-		Dec 31	Profit and Loss
		£3 775	-			3 100
						675
						£3 775
					Dec 31	By Balance b/d
						(at end of 3 years)
						3 275

Dr		WHITE			Cr	
19		£	s	d	19	
Dec 31	To Drawings	800	-		Jan 1	By Balance
" 31	Balance c/d	3 800	-		Dec 31	Profit and Loss
		£4 500	-			4 000
						500
						£4 500
19		£	s	d	19	
Dec 31	To Drawings	800	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 800	-		Dec 31	Profit and Loss
		£4 400	-			3 800
						600
						£4 400
19		£	s	d	19	
Dec 31	To Drawings	800	-		Jan 1	By Balance b/d
" 31	Balance c/d	3 825	-		Dec 31	Profit and Loss
		£4 475	-			3 800
						675
						£4 475
19		£	s	d	19	
Dec 31	To Balance	5 625	-		Dec 31	By Balance b/d
	(Amount due and payable to White)					(at end of 3 years)
		£5 625	-			Black (White's share of Goodwill taken over)
						1 800
						£5 625

EXERCISE XIII—No 4

(A) Each partner will receive CASH equal to the amount of his CAPITAL ACCOUNT as per Balance Sheet

(B) As A and an additional sum to each partner as follows—

Robinson £75 (being $\frac{1}{3}$)
 Larkin £60 (being $\frac{1}{3}$) } of £180 (Profit on Realization)
 Sparrow £45 (being $\frac{1}{3}$)

(C) Each partner will receive a sum equal to Capital as per Balance Sheet less £1,010 13s 4d, the Loss on Realization being £3 122

EXERCISE XIII--No 5

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets (Equal to TOTAL of Capitals and other Liabilities)	£	s	d	19	By Cash	£ s d
		10,250	-	-		Balance (Loss) to Capital Accounts— Hawker, $\frac{1}{2}$ £2,416 Haigh, $\frac{1}{2}$ £804	7,230 - -
						3,020	- -
		£10,250	-	-		£10,250	- -

Dr		CASH BOOK				Cr	
19	To Realization Account	£	s	d	19	By Sundry Creditors	£ s d
		7,230	-	-		Advances— Hawker	4,250 - -
						Haigh	1,500 - -
						Capital Account— Hawker	196 - -
						1,284	- -
		£7,230	-	-		£7,230	- -

Dr		CAPITAL ACCOUNT HAWKER				Cr	
19	To Realization Account (Share of loss)	£	s	d	19	By Balance	£ s d
	" Cash	2,416	-	-			3,700 - -
		1,284	-	-			
		£3,700	-	-			£3,700 - -

Dr		HAWKER (ADVANCE)				Cr	
19	To Cash	£	s	d	19	By Cash	£ s d
		1,500	-	-			£1,500 - -

Dr		CAPITAL ACCOUNT HAIGH				Cr	
19	To Share of Loss on Realization	£	s	d	19	By Balance	£ s d
		804	-	-		Transfer to Loan A/c	500 - -
		£804	-	-			54 - -
						£604	- -

Dr		HAIGH (ADVANCE)				Cr	
19	To Transfer from Capital	£	s	d	19	By Cash	£ s d
	" Cash	54	-	-			£250 - -
		196	-	-			
		£250	-	-			£250 - -

EXERCISE XIII—No 6

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets Cash (Expenses)	£	s	d	19	By Cash Balance (nos) to Capital Accounts— Rogers £381 Hawley £54	£ s d
		19	0				18 00 0
		110					
							63 0
		£	19	6 30		£	19 6 30

Dr		CASH BOOK				Cr	
19	To Balance Realization Account	£	s	d	19	By Sundry Creditors Realization (Exps) Capital Accounts— Rogers Hawley	£ s d
		£	2 000				7 5 0
		8 90					1 0
							8 11 0
							8 2 46
		£	20 90			£	20 90

Note—Each partner receives a Cash payment equal to original Capital less share of Loss on Realization

EXERCISE XIII—No 7

Dr		CASH BOOK				Cr	
19	To Realization A/c	£	s	d	19	By Creditors Loan Account Capital Account— Linton Price Wetherby	£ s d
		16 144					£ 6 230
							6 50
							£ 3 8 0
							£ 13 0 48
							£ 2 316
		£	16 144			£	9 2 44
							£ 16 1 4

EXERCISE XIII—No 8

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Asset Cash (Expenses)	£	s	d	19	By Cash Balance (nos) to Capital Accounts— Wood Harrico Fatty	£ s d
		13 90					17 443
		83					
							£ 232
							£ 1 4
							£ 116
		£	13 26 0			£	522
							£ 13 26 0

EXERCISE XIII—No 8 (contd)

<i>Dr</i>				CASH BOOK				<i>Cr</i>			
19	To Balance	£	s	d	19	By Creditor,	£	s	d		
	" Realization Account	475	-	-		Realization A/c	2,705	-	-		
		12 843	-	-		" Capital Accounts—	80	-	-		
						Wood	4 765	-	-		
						Harrison	3 328	-	-		
						Ratty . . .	2,384	-	-		
		£	13 118	-			£	13 318	-		

EXERCISE XIII—No 9

<i>Dr</i>				REALIZATION ACCOUNT				<i>Cr</i>			
19	To Sundry Assets	£	s	d	19	By Cash	£	s	d		
		4,430	-	-		" Capital Accounts—	2,020	-	-		
						Partridge	£1 620	-	-		
						Paterson, 1/2	810	-	-		
							2 430	-	-		
		£	4 430	-			£	4,430	-		

<i>Dr</i>				CAPITAL ACCOUNT PARTRIDGE				<i>Cr</i>			
19	To Realization (Share of loss)	£	s	d	19	By Balance . .	£	s	d		
	" Balance c/d	1 620	-	-			4 000	-	-		
		0 300	-	-							
		£	4 000	-			£	4 000	-		
						By Balance b/d	2,380	-	-		

<i>Dr</i>				CAPITAL ACCOUNT, PATERSON (Overdrawn)				<i>Cr</i>			
19	To Realization (Share of loss)	£	s	d	19	By Balance	£	s	d		
	" Balance c/d	430	-	-		" Balance c/d	430	-	-		
		4810	-	-			200	-	-		
							£	810	-		
	To Balance b/d	300	-	-							

EXERCISE XIII—No 10

Dr		CASH BOOK				Cr					
		Bank				Bank					
19	To Balance (Net amount on Sale of Business)	£	13 650	s	d	19	By Creditors	£	4 520	s	d
							Loan (Finchley & Williams)		1 500	-	-
							Capital Accounts—				
							Finchley		5 710	-	-
							Williams		1 930	-	-
		£	13 660					£	13 660		

Note—The NET sum received on sale of the business represented a GAIN of £390 i.e. the difference between £13 660 and £13 270 (value of business sold). The profit on Realization is shared by the partners as follows—

Finchley receives $\frac{2}{3}$ or £260
Williams receives $\frac{1}{3}$ or £130

The above sums would be received in addition to original capitals

EXERCISE XIII—No 11

Dr		PROFIT ON REALIZATION ACCOUNT				Cr		
19	To Capital Accounts— <div> <div>X $\frac{1}{3}$ share</div> <div>Y $\frac{1}{3}$ share</div> <div>Z $\frac{1}{3}$ share</div> </div>	£ 260 130 104 £520	s — — — —	d — — — —	19	By Balance	£ 520 £520	s — — — —

Dr		CASH BOOK		Cr			
19	To Balance . .	£ 11 550	s d	19	By Credit to Capital Accounts— X $\frac{1}{3}$ Y $\frac{1}{3}$	£ 484 6 080 5 006	s d
		£ 11 550				£ 11 550	

Dr		CAPITAL ACCOUNT X				Cr			
19	To Z's Capital ($\frac{1}{3}$ share) Cash	£ 180 6 080 £6 260	s -	d -	19	By Balance Profit on Realization (Share of profit)	£ 6 000 960 £6 260	s -	d -

EXERCISE XIII—No. 11 (contd.)

Dr		CAPITAL ACCOUNT, Y			Cr.				
19	To Z's Capital . . . ($\frac{1}{2}$ share) . . . " Cash . . .	£ 100 5,000 <u>£5,100</u>	s — — —	d — — —	19	By Balance . . . " Profit on Realization (Share of profit)	£ 5,000 100 <u>£5,100</u>	s — — —	d — — —

Dr		CAPITAL ACCOUNT, Z (Overdrawn)			Cr				
19	To Balance . . .	£ 434	s —	d —	19	By Profit on Realization (Share of profit) " Capital Accounts— X, $\frac{1}{2}$ share £180 Y, $\frac{1}{2}$ share £150	£ 104 330 434	s — — —	d — — —

EXERCISE XIII—No. 12.

Dr		REALIZATION ACCOUNT			Cr.	
19	To Sundry Assets " Cash (Expenses)	£ 14 630 100	s — —	d — —	19	By Cash " Balance (loss) to Deficiency A/c— X, $\frac{1}{2}$ £570 Y, $\frac{1}{2}$ £300 Z, $\frac{1}{2}$ £190
						13 720
						1,140
		£ 14 865	—	—		£ 14 865

Dr		DEFICIENCY ACCOUNT			Cr				
19	To Realization Account (For loss on Realiza- tion transferred)	£	s	d	19	By Cash—	£	s	d
		1 140	-			X . . .	570	-	
						Y . . .	300	-	
						Z . . .	190	-	
						Amount trans- ferred to his over drawn account)			
		£1 140	-				£1,140	-	

EXERCISE XIII—No 12 (contd)

Dr		CASH BOOK				Cr			
19	To Balance	£	42s	d	19	By Bills Payable	£	80s	d
	Realization A/c	13	72s	-		Bank Overdraft	2	000	-
	" Z (amount received from his estate)		90	-		Sundry Creditors	1	8s0	-
	Deficiency—					Realization (Exps.)		18s	-
	X	£	70	-		Capital Account—			
	Y	£	380	-		X $\frac{3}{4}$	£	6	330
			9s0	-		Y $\frac{1}{4}$	£	4	220
		£	15	190				10	s50
							£	1s	190

Notes—(1) X receives CASH as above i.e. £6 330 but as this amount includes his contribution on Deficiency he receives only £5 760

Y receives £4 220 which as in the case of X includes his contribution on Deficiency therefore he receives only £3 840

(2) Z's (overdrawn) account is equal to £300 + 190 (his share of Deficiency) less £90 £450 which sum is borne by X and Y in the ratio of their Capitals i.e. X bears £270 Y bears £180

EXERCISE XIII—No 13

CAPITAL ACCOUNTS

Dr		A		Cr					
19	To C's Capital ($\frac{1}{3}$ share) Cash	£ 138 5 611 £ 5 750	s 17 2 -	d 9 3 -	19	By Balance Realization ($\frac{1}{3}$ share of profit)	£ 5 000 7s0 £ 5 750	s - - -	d - - -

Dr				B				Cr					
19	To C's Capital ($\frac{1}{3}$ share)	£	111	s	2	d	3	19	By Balance	£	4 000	s	d
	Cash		4 388		17		9		Realization on ($\frac{1}{3}$ share of profit)		500		
			£4 500		-						£4 500		-

Dr		C (Overdrawn)			Cr			
19	To Balance	£ 500	s	d	19	By Realization ($\frac{1}{3}$ share of profit) <i>Capital Account:—</i> A $\frac{1}{2}$ share B $\frac{1}{2}$ share	£ 2s0 138 1 111 2	 9 3
		£500					£500	

Notes—(1) The Profit on Realization is £1 500 based on the difference between Purchase Price of 10 000 + Liabilities of £370 and total Assets £8 870

(2) The balance of Realization A/c is shared by partners in the same ratio as profits

(3) C's NET deficiency is borne by A and B in the ratio of their Capitals i.e. A bears $\frac{3}{4}$ and B $\frac{1}{4}$

EXERCISE XIII—No 14

Dr		DEFICIENCY ACCOUNT		Cr	
19	To Balance . . .	£	s d	19	By Cash—
		700	- -		Hawker
					Joycelyn
					Balance transferred
					to Capital A/c—
					Temple £
					200
					200
		£700	- -		£700
					- -

Dr		CASH BOOK		Cr			
19	To Balance Deficiency (brought in by Hawker) do Joycelyn	£ 900 300 200 £1,400	s - - - -	19	By Capital Account— Hawker	£ 1,400 £1,400	s - - - -

Dr		CAPITAL ACCOUNT HAWKER		Cr			
19	To Capital Account— Temple Cash	£ 400 1 400	s d — —	19	By Balance . . .	£ 1,200	s d —
		1,800	—			1,800	—

EXERCISE XIII—No 15

The answer to this question is adequately dealt with at the end of *Advanced Accounts*

EXERCISE XIII—No 16

Dr		REALIZATION ACCOUNT				Cr							
19	To Sundry Assets " Cash (Expenses)	£	7	00	s	d	19	By Cash Discounts Received Balance (0 5) to Deficiency A/c	£	6	300	s	d
				300							100		
											900		
				£7 300							£7 300		

Dr		DEFICIENCY ACCOUNT			Cr			
19	To Realization Account (Transfer of loss)	£ 900	s	d	19	By Cash— Brown Jones Robinson (For transfer to his own drawn a/c)	£ 4 0 300 150	s d
		£900					£900	

Dr		CASH BOOK		Cr	
19	To Balance 1 400 Real sat on Account 6 300 Capital Account— Rob nson 16 13 4 (For d vidend of b/S in £1 om h s estate) Deficiency Account Brown 4 0 Jo es 4 00 703 £8 666 13 4		19	By Sundry Cred to s Real sat on Account (Expenses) Loan on Mortgage 400 Capital Account— B ow 43 729 Jones 1 600 2 068 13 4 £8 666 13 4	

Dr		CAPITAL ACCOUNT BROWN				Cr					
19	To Cash	£	2 500	s	d	19	By Balance	£	2 500	s	d

Dr		DRAWINGS ACCOUNT BROWN				Cr			
19	To Rob nson & O/drawn Cash	£	s	d	19	By Balance	£	s	d
		279	16	6			1 000		
		729	3	4					
		£1 000					£1 000		

EXERCISE XIII—No 16 (cont'd)

Dr		CAPITAL ACCOUNT, JONES			Cr.	
19	To Cash . .	£	s	d	19	By Balance . .
		1 500	-	-		1 500

Dr		DRAWINGS ACCOUNT, JONES			Cr.	
19	To Robinson's Overdrawn " Cash .	£	s	d	19	By Balance . .
		162	10	-		500
		337	10	-		
		£500	-	-		£500

Dr		CAPITAL ACCOUNT, ROBINSON (Overdrawn)			Cr	
19	To Balance . " Deficiency .	£	s	d	19	By Cash " Drawings Accounts— " Brown, £270/16 8 " Jones, £162/10 -
		500	-	-		216 13 4
		150	-	-		433 6 8
						£680 - -
		£650	-	-		

EXERCISE XIII—No 17

Dr		REALIZATION ACCOUNT			Cr	
19	To Sundry Assets " Cash (expenses)	£	s	d	19	By Cash " Balance (Wms) to " Profit and Loss A/c
		18 282	-	-		8 500
		300	-	-		9 932
		£18 982	-	-		£18 932

Dr		PROFIT AND LOSS ACCOUNT			Cr	
19	To Realization Account (Loss on Realiza- tion transferred)	£	s	d	19	By Sundry Creditors " Capital Accounts— " Morgan £4 783 " Howell £2,394
		9 982	-	-		7,182
						£9 932
		£9 982	-	-		

EXERCISE XIII—No 17 (contd)

Dr		CASH BOOK				Cr					
19	To Balance	£	900	s	d	19	By Realization (Exps)	£	900	s	d
	Realization A/c	8 600	-				Sundry Creditors	9 000	-		
		£9 500	-					£9 500	-		

Note—The creditors receive a dividend of 1s 4d in the £, i.e. $\frac{£9\ 200}{£12\ 000}$ to each creditor

Dr		CAPITAL ACCOUNT MORGAN				Cr			
19	To Profit and Loss A/c (Share of loss)	£	s	d	19	By Balance Balance (due from Newell)	£	s	d
		4	783	-			4	780	-
							68	-	-
		£4	783	-			£4	788	-

Dr		CAPITAL ACCOUNT NEWELL				Cr			
19	To Profit and Loss Balance (due to Morgan)	£	2	394	19	By Balance	£	2	482
				68					
		£2	462				£2	462	

Dr		SUNDRY CREDITORS		Cr			
19	To Cash	£ 9 200	s d	19	By Balance . .	£ 12 000	s d
	Profit and Loss	2 800	-				-
		£ 12 000	-			£ 12 000	-

Dr		SUNDRY DEBTORS				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		4	082	-			4	082	-

Dr		STOCK ACCOUNT				Cr					
19	To Balance	£	4 320	s	d	19	By Realization A/c	£	4 320	s	d

EXERCISE XIII—No. 17 (contd)

Dr		FIXTURES AND FITTINGS ACCOUNT		Cr	
19	To Balance . . .	£ 3,000	s 4	19	By Realization A/c
					£ 3,000

Dr		GOODWILL ACCOUNT		Cr	
19	To Balance . . .	£ 6,000	s 4	19	By Realization A/c.
					£ 6,000

EXERCISE XIII—No. 18

Dr		REALIZATION ACCOUNT		Cr.	
19	To Sundry Assets	£ 9,900	s 4	19	By Cash
	" Cash (Expense)	64			" Discounts Received
	" Capital Accounts—				
	Watt, £ 288				
	Dawson, £ 288				
		576			
		£ 10,740			£ 10,740

Dr		CASH BOOK		Cr	
19	To Balance	£ 1,000	s 4	19	By Sundry Creditors
	" Realization Account	10,500			Realization (Exps.)
					" Capital Accounts—
					Watt £ 288
					Dawson £ 288
					10,576
		£ 11,500			£ 11,500

Dr		CAPITAL ACCOUNT WATT		Cr	
19	To Cash . . .	£ 6,288	s 4	19	By Balance
					" Realization Account
					(Share of profit)
		£ 6,288			£ 6,288

Dr		CAPITAL ACCOUNT, DAWSON		Cr	
19	To Cash . . .	£ 4,288	s 4	19	By Balance
					" Realization
					(Share of profit)
		£ 4,288			£ 4,288

EXERCISE XIII No 18 (contd)

<i>Dr</i>		SUNDRY CREDITORS			<i>Cr</i>				
19	To Cash Realizat on Account (Discls transferred)	£ 800 40 1900	s - - -	d - - -	19	By Balance	£ 900 - 1900	s - - -	d - - -

Dr		SUNDRY DEBTORS				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 900	-	-			1 900	-	-

<i>Dr</i>		STOCK ACCOUNT				<i>Cr</i>			
19	To Balance	£	5	000	19	By Realization A/c	£	5	000

Dr		FIXTURES AND FITTINGS ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 000					1 000		

<i>Dr</i>		LEASE ACCOUNT				<i>Cr</i>					
19	To Balance	£		s	d	19	By Realization A/c	£		s	d
		2	000					2	000		

EXERCISE XIII—No 19

JOURNAL ENTRY

19 .		£	s	d	£	s	d
Jan 1	<i>Capital Accounts—</i>						
	Johnson ($\frac{1}{3}$ of £1 200)	400	—	—			
	Moore ($\frac{1}{3}$ of £1 200)	300	—	—			
	Elliott ($\frac{1}{3}$ of £1 200)	300	—	—			
	Graham ($\frac{1}{3}$ of £1 200)	200	—	—			
	<i>To Capital Accounts—</i>						
	Johnson (5% of £8,500)				425	—	—
	Moore (5% of £5 500)				275	—	—
	Elliott (5% of £5 500)				275	—	—
	Graham (5% of £4,500)				225	—	—
		£1 200	—	—	£1 200	—	—

EXERCISE XIII—No 20

$$\begin{aligned}
 \text{X's Capital} &= £8\ 000 + \frac{1}{3} \text{ of } £1\ 300 \text{ (goodwill)} = 8\ 800 \\
 \text{Y's Capital} &= £5\ 000 + \frac{1}{4} \text{ of } £1\ 300 \text{ (goodwill)} = 5\ 500 \\
 \text{Z's Capital} &= £4\ 600 - £1\ 300 \text{ (goodwill)} = 3\ 300 \\
 &\underline{\underline{£17\ 600}}
 \end{aligned}$$

∴ The proportions in which profit will be shared are as under—

X will receive $\frac{1}{2}$ share

Y will receive $\frac{1}{4}$ share

Z will receive $\frac{1}{4}$ share.

EXERCISE XIII—No 22

SMITH THOMPSON & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stocks, 1st Jan							By Sales—						
Copper	12 008	—	3				Copper	37 443	7	1			
Tin	875	11	4				Tin	9 476	3	8			
Iron	3 026	14					Iron	57 753	11	6			
				15 910	5	7	Pig Iron	76 942	8				
“ Purchases—							Stocks				211 617	10	3
Copper	40 170	12					31st Dec						
Tin	8 428	18	9				Copper	22 111	14	2			
Iron	56 983	7	2				Tin	617	18	10			
Pig Iron	15 536	14	1				Iron	6 513	4	1			
“ Carriage				211 117	12	—					29 242	17	1
“ Bal. Gross Profit				1 463	13	7							
				12 368	16	2							
				1240 899	7	4					1240 860	7	4

SMITH THOMPSON & CO

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Loss on Discounting Bills				829	7	3	By Trading Account						
Rent				200	—		Gross Profit				12 368	16	2
“ Discounts allowed				4 423	9	11							
“ Salaries of Office Staff				316	4								
“ Partnership Salaries				1 000									
“ Warehouse Wages				225	—								
“ Bank Interest				332	12	4							
“ Office and Warehouse Exps				574	19	9							
“ Int. on Cap. A/cs													
Wm. Smith													
(5% of £15 000)	750	—	—										
Jos. Thompson													
(5% of £12 000)	600	—	—	1 350	—								
“ Bal.—Net Profit to Cap. A/cs—													
Wm. Smith													
½ share	1 508	1	6										
Jos. Thompson													
½ share	1 508	1	5	3 116	2	11							
				12 368	16	2					12 368	16	2

EXERCISE XIII—No. 22 (contd)

SMITH, THOMPSON & CO

BALANCE SHEET AS AT 31st DECEMBER, 19.

LIABILITIES						ASSETS							
	£	s	d	£	s	d		£	s	d	£	s	d
Mutual Banking Co				2941	7	5	Cash at hand				23	2	11
Bills Payable				6784	2	6	Bills Receivable				9814	15	-
Sundry Creditors				6028	7	10	Sundry Debtors				7618	4	10
Capital Accounts—							Stocks—						
Wm Smith							Copper	22	11	14	2		
Balance 1st Jan	15	00	-				Tin	6	17	18	10		
Add Interest		7	0				Iron	6	5	13	4	1	
" Salary		5	0									29	24
" Sh. of Profit	1	5	8				Office Furniture and Fittings					47	8
	17	8	8										
Less Drawings													
				17	169	17							
Jos Thompson													
Balance 1st Jan	12	00	-										
Add Interest		6	0										
" Salary		5	0										
" Sh. of Profit	1	3	8										
	14	6	8										
Less Drawings													
				14	228	12							
				47	172	8					47	172	8

EXERCISE XIII—No 23

Dr		CASH		1		Cr	
19 Aug 31	To Balance Realization Account	640		19 Aug 31	By Realization Expenses	39	
		240			Sundry Creditors	2201	
		240				240	

Dr		SUNDRY DEBTORS				2	Cr							
19 Aug 31	To Balance	b/d	£	215	s	d	19 Aug 31	By Realization A/c	9	£	215	s	d	-

Dr			Stock			3			Cr		
			£	s	d				£	s	d
19 Aug 31	To Balance	b/d	860			19 Aug 31	By Realization A/c	9	860		

Dr		FIXTURES				4	Cr				
19 Aug 31	To Balance	b/d	£	s	d	19 Aug 31	By Reclamation A/c	9	£	s	d
			1 900						1 900		

EXERCISE XIII—No 23 (contd)

Dr		MOTOR VEHICLES				5	Cr				
19 Aug 31	To Balance	b/d	£	s	d	19 Aug 31	By Realization A/c	9	£	s	d
			1 400	-					1 400	-	

Dr		SUNDRY CREDITORS					6	Cr				
13 Aug 31	To Cash P & L on Realiza- tion Account	1	£	s	d	19 Aug 31	By Balance	b/d	£	s	d	
		10	2 201	-					3 459	-		
			1 798	-								
			£3 459	-					£3 459	-		

Dr		HARDY—CAPITAL ACCOUNT					7	Cr				
19 Aug 31	To P & L on Realization A/c	10	£	s	d	19 Aug 31	By Balance Ivor Capital A/c	b/d	£	s	d	
			744					8	708	38		
			£744						£744			

Dr		IVOR—CAPITAL ACCOUNT				8	Cr				
19 Aug 31	To P & L on Realization on A/c Hardy— Capital A/c	10	£	s	d	19 Aug 31	By Balance	b/d	£	s	d
			372	-	-				408	-	-
		7	36	-	-						
			£408	-	-				£408	-	-

Dr		REALIZATION ACCOUNT					9	Cr			
19 Aug 31	To Sundry Debtors	2	£	s	d	19 Aug 31	By Cash	1	£	s	d
	Stock	3		915			Balance to P & L		2 040		
	Furniture	4		860	-		on Realization				
	Motor Vehicles	5		1 900	-		Account	10	2 374	-	
	Cash—Realization Expenses	1		1 400	-						
				39	-						
				£4 414	-				£4 414	-	

Dr		PROFIT AND LOSS ON REALIZATION ACCOUNT										10	Cr	
19	Aug. 31	To Realization A/c	9	£	s	d	19	Aug. 31	By Sundry Creditors	6	£	s	d	
				2	374			Capital Hardy	7		1	208		
								Capital Ivor	8		744			
											372			
				£	374									
											£2	374		

The dividend paid to creditors is £ 453 1-8½ so the £

EXERCISE XIII—No. 24.

Goodwill Account

C

204

	1936 Dec 31	£	s	d
To A Capital Account		4 000	-	-
To B Capital Account		2 000	-	-
To Profit on sale taken by partners as follows—				
A		1 416	13	4
B		811	5	8
C		850	-	-
		3,400	-	-
		£9 400	-	-

	1936 Dec 31	£	s	d
By Amount written off borne by partners as follows—				
A		1 685	13	4
B		1 333	6	8
C		1 000	-	-
		4 000	-	-
		5 400	-	-
		£9 400	-	-

STATEMENT SHOWING NET AMOUNT GAINED OR LOST BY EACH PARTNER IN RESPECT OF GOODWILL

	A		B				C	
	£	s	£	s	d	£	s	d
1924 Jan 1	1,500	-				6		
1928 Jan 1	4,000	-	2,000					
1938 Jan 1	1,416	13 4	1,133	6 8		850		
Dec 31	8,916	13 4				\$ 132	4 8	
	1,686	13 4	1,500	6 8		2,833	6 8	1,000
	£5,259	-				300	-	150

EXERCISE XIII—No 25

(1) Expenses for the year	£1 869
(2) Net Profit before charging Partners Interest	£1 639
(3) Balance of—	
Current Account X	£230
Current Account Y	£74
	<u>£304</u>
Proof { Assets	£6 651
Liabilities (as per Question)	£6 347
Amount as above	<u>£304</u>

EXERCISE XIII—No 26

PROFIT AND LOSS ACCOUNT

Dr	FOR HALF YEAR ENDED 30TH JUNE 19			Cr
To <i>Interest on Capital A/c</i>	£	s	d	
T F Sher	91	5		By <i>Balance</i>
(5% of £3 650 for 6 mos)				<i>Interest on H Gray's O/d</i>
D Green	91	5		<i>drawn</i>
(5% of £3 650 for 6 mos)				(£250 for 6 mos @ 5%)
Balance <i>NET Profit</i> to <i>Cap A/c</i>				(£65 for 3 mos @ 5%)
T F Sher (½ share)	360	3	0	
D Green (½ share)	50	9	9	
H Gray (1 share)	36	3	9	
	263	1	3	
				£1 983
				1

CAPITAL ACCOUNTS

T. FISHER (CREDIT SIDE)

D. GREEN (CREDIT SIDE)

19		£	s	d	19		£	s	d
Jan. 1	By Balance	3 650			Jan. 1	By Balance	3 650		
June 30	Interest	91	5		June 30	Interest	91	5	
	Profit and Loss (Share of profit)	360	3	9		Profit and Loss (Share of profit)	360	3	9
		<u>4 101</u>	<u>8</u>	<u>9</u>			<u>4 101</u>	<u>8</u>	<u>9</u>
	Less Drawings	250				Less Drawings	250		
		<u>£3 851</u>	<u>8</u>	<u>9</u>			<u>£3 851</u>	<u>8</u>	<u>9</u>

Dr

H. GRAY (Overdrawn)

Cr

19		£	s	d	19		£	s	d
Jan. 1	To Balance	50			June 30	By Profit and Loss (Share of profit)	360	3	9
June 30	Drawings	350				Balance c/d	251	17	6
	Interest	7	1	3			<u>£612</u>	<u>1</u>	<u>3</u>
		<u>£612</u>	<u>1</u>	<u>3</u>					
June 30	To Balance b/d	251	17	6					

EXERCISE XIII—No 27.

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31ST DECEMBER 19..			Cr
To Interest on Capital Accounts—	£	s	d	
Cowan (5% of £5,430)	272	10	—	
Bennett (5% of £4,520)	226	—	—	
Loan Interest (due to Bennett)	37	10	—	
Partnership Salary (due to Bennett)	300	—	—	
Rent (due to Cowan)	500	—	—	
Balance, <i>Net Profit to Cap A/c's</i>				
Cowan ($\frac{1}{2}$ share)	857	—	—	
Bennett ($\frac{1}{2}$ share)	857	—	—	
	£2,650	—	—	
				By Balance
				£2,650

CAPITAL ACCOUNTS

BENNETT (CREDIT SIDE)

COWAN (CREDIT SIDE)

19		£	s	d	19		£	s	d
Jan 1	By Balance	4,520	—	—	Jan 1	By Balance	5,430	—	—
" 31	" Cash (loan)	1,000	—	—	Dec 31	" Interest . . .	272	10	—
Dec 31	" Interest	226	—	—	" 31	" Rent	500	—	—
" 31	" Loan Interest	37	10	—	" 31	" Profit and Loss (Share of profit)	857	—	—
" 31	" Salary	300	—	—					
" 31	" Profit and Loss (Share of profit)	857	—	—					
		£6,740	10	—			£6,740	10	—

EXERCISE XIII—No 28

JOURNAL

Goodwill Account	2 000	—	—	£	s	d
To A. Aplin's Capital Account, $\frac{1}{2}$				1,200	—	—
" C Charles's Capital Account, $\frac{1}{2}$				800	—	—
For their respective shares of goodwill						
	£2 000	—	—	£2 000	—	—

(Dr SIDE)

CASH BOOK

				Bank.
To P Paton's Capital Account				£1 500
Allocation of Profits are as under—				
A Aplin's share will be $\frac{1}{2}$ of $\frac{1}{2}$ = $\frac{1}{4}$				
C Charles's share will be $\frac{1}{2}$ of $\frac{1}{2}$ = $\frac{1}{4}$				
P Paton (as agreed) will take $\frac{1}{2}$ or $\frac{1}{2}$				

EXERCISE XIII—No 29

<i>Dr</i>		CASH BOOK			<i>Cr</i>	
		Bank			Bank	
18		£	s	d	19	£ s d
To M Marsden's Capital		1	60	-	By B Blackburn's Cap (Share of Goodwill withdrawn)	160 - -
B Blackburn's Cap ($\frac{1}{2}$ of premium paid for Goodwill)		160	-	-	P Pinner's Capital (Share of Goodwill withdrawn)	80 - -
P Pinner's Capital ($\frac{1}{2}$ of premium paid for Goodwill)		80	-	-	Balance c/d	1 560 - -
		£1 800	-	-		£1 800 - -
To Balance b/d		1 560	-	-		

EXERCISE XIII—No 30

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
To R Reid's Capital	. .	1 560	-	-
G Gardner's Capital (For $\frac{1}{2}$ share of premium)	. .	160	-	-
C Campbell's Capital (For $\frac{1}{2}$ share of premium)	. .	80	-	-
		£1 800	-	-

EXERCISE XIV—No. 1

Dr		BRANCH ACCOUNT				Cr.		
19 Mar 1	To Goods to Branches	£	s	d				
		950	-	-				

Dr		GOODS SENT TO BRANCHES				Cr		
					19 Mar 1	By Branch A/c	£	s
							950	-

EXERCISE XIV—No. 2

HEAD OFFICE BOOKS

Dr		BRANCH ACCOUNT				Cr		
19 Jan 1	To Balance	£	s	d	19 Dec 31	By Cash	£	s
Dec 31	" Goods from H O	5 508	15	4	" 31	" Returns to H O	6 871	16
" 31	" Cash (Wages)	362	5	8	" 31	" Stock a/c	42	10
" 31	" (Rent)	140	10	6			795	15
" 31	" Cash (Rates, Taxes and Insurance)	65	11	9				
" 31	" Cash (Sundry Exps.)	81	4	3				
" 31	" Profit and Loss A/c (Profit)	735	5	1				
		£7,710	2	9			£7,710	2
Dec 31	To Stock b/d	795	15	4				

EXERCISE XIV- No 3 (A)

HEAD OFFICE BOOKS

Cr

BRANCH ACCOUNT

Dr

		Invoice Price				Invoice Price				Invoice Price	
19	To Stock	£	s d	£	s d	£	s d	£	s d	£	s d
Jan 1	" Goods from H O	820	16 8	690	12 6	By Cash	855	855	15 8	671	16 6
Jan -Dec	" Bal Gross Profit	6841	19 4	5131	9 6	" Stock c/d	895	895	15 4	671	16 6
Dec 31				1704	15 2	" Bal (apparent loss)	12		-		
		£7762	16	£7528	17 2		£7762	16	£7528	17 2	
Dec 31	To Stocks b/d	895	15 4	671	16 6						

EXERCISE XIV—No 3 (A) (contd)

Dr		BRANCH ACCOUNT (contd.).				Cr			
19		£	s	d	19		£	s	d
Dec 31	To Wages and Salaries	372	6	9	Dec 31	By Trading A/c	1 704	15	2
" 31	" Rates, Taxes & Insurance	80	10	4		(Gross Profit)			
" 31	" Rent	145	15	6					
" 31	" Sundry Expenses	39	14	11					
" 31	" Balance, Net Profit	1,066	7	8					
		£1 704	15	2			£1,704	15	2

EXERCISE XIV—No 3 (B)

HEAD OFFICE BOOKS

Dr		BRANCH ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Jan 3	To Stock	820	16	8	Jan -Dec.	By Cash	8 828	8
Jan -Dec	" Goods from H O	6,841	19	4	Dec 31	" Stock e/d	892	15 4
					31	" Branch Adjustment A/c (apparent loss)	12	-
		£7 762	16	-			£7 762	16 -

Dr		BRANCH ADJUSTMENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Dec 31	To Balance (% on Stock)	223	18	10	Dec 31	By Balance (% on Stock)	230	4 2
" 31	" Branch A/c (apparent loss)	12			" 31	" Goods sent to Brchs (% on Goods)	1,710	9 10
" 31	Branch Profit & Loss (Gross Profit)	1,704	15	2				
		£1 940	14				£1 940	14

D		GOODS SENT TO BRANCHES				Cr		
19		£	s	d	19	£	s	d
Dec. 31	To Branch Adjustment A/c	1 719	9	10	Jan -Dec.	By Branch A/c	6 841	19 4
" 31	Trading A/c (Goods at Cost)	5,131	9	6				
		£6 841	19	4			£6 841	19 4

HEAD OFFICE BOOKS

BRANCH ACCOUNT

Cr

Dr

19 June 1	To Balance— Stock Debtors	£ s d		19 Jan - June	By Cash— Ledger Accounts Ready money Sales	£ s d		£	s	d
		£	s d			£	s d			
		625	13 4			251	14 2			
		1 475	9 10			1 609	11 5			
								4 125	5 7	
								42	-	
30	Goods from H O				Returns to H O					
30	Rent Rates and Taxes			June 30	Balance c/d—					
30	Wages and Salaries				Stock	595	15 6			
30	Sundry Expenses				Debtors	1 542	17 10			
30	Profit and Loss A/c (Net Profit)							2 138	13 4	
								£6 305	18 11	

EXERCISE XIV—No 4 (b)

Dr		BRANCH GOODS ACCOUNT			Cr	
19		£	s	d	19	£ s d
Jan 1	To Balance	625	13	4	June 30	By Sales—
Jan June	" Goods from H O	2,517	16	8		Cash £1,608/11/5
"	" Returns Inwards	28	11	4		Credit 2,976/14/2
"	" Allowances	13	8	11		
"	" Branch Profit and Loss A/c (Gross Profit)	2,037	10	10	" 30	" Returns to H O 42
"					" 30	" Stock c/d 595
		£5,203	1	1		
July 1	To Bal (Stock) b/d	595	15	6		£4,523

Dr.		BRANCH EXPENSES ACCOUNT					Cr		
19		£	s	d	19		£	s	d
June 30	To Rent, Rates etc	108	12	7	June 30	By Branch Profit and			
" 30	" Wages and Salaries	294	6	8		Loss A/c (Transfer)	817	3	5
" 30	" Sundry Expenses	63	12	5					
" 30	" Bad Debts	218	6	3					
" 30	" Discounts	132	5	6					
		£817	3	5			£817	3	5

Dr		BRANCH DEBTORS' ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To Balance	1 475	9	10	Jan June	By Cash	2 516 14 2
Jan June	" Sales	2 976	14	2	"	" Discount	142 5 6
					"	" Returns Inwards	24 11 4
					"	" Allowances	13 8 11
					"	" Bad Debts	218 6 3
					June 30	" Balance c/d	1 542 17 10
		£4 452	4	-			£4 452 4 -
July 1	To Balance b/d	1 542	17	10			

Dr		BRANCH PROFIT AND LOSS ACCOUNT			Cr			
FOR THE HALF YEAR ENDED 30TH JUNE 19								
		£	s	d		£	s	d
To Branch Expenses	817	3	5		By Branch Goods A/c	2,037	10	10
" Head Office Profit & Loss A/c (NET profit transferred)	1 220	7	5					
	£2,037	10	10			£2,037	10	10

EXERCISE XIV—No. 5 (contd)

(Dr side) BRANCH A EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	80	12	4
" Salaries	248	15	6
" Rent, Rates, and Taxes	250	16	8
" Depreciation	24	13	9
Total to Transfer to Branch A Profit and Loss A/c	£604	18	3

(Dr side) BRANCH B EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	139	16	5
" Salaries	318	13	2
" Rent, Rates, and Taxes	296	14	8
" Depreciation	35	17	1
Total to Transfer to Branch B Profit and Loss A/c	£791	1	4

EXERCISE XIV—No 5 (contd.)

BRANCH PROFIT AND LOSS ACCOUNTS

Cr

Dr

	A		B		Total	A		B		Total
	£	s d	£	s d	£	£	s d	£	s d	£
To Branch Exps A/cs	604	18 3	791	1 4	1 395 19 7	2 402	6 6	2 518	5 11	4 920 12 5
' Head Office Profit										
and Loss A/c	1 797	8 3	1 727	4 7	3 524 12 10					
(Transfer of Net Profit of Branches)										
	£2 402	6 6	£2 518	5 11	£4 920 12 5	2 402	6 6	2 518	5 11	£4 920 12 5

Cr

Dr

GOODS SENT TO BRANCHES ACCOUNT

	£		£		£		£	
	s	d	s	d	s	d	s	d
To Branch A Returns	21	7	34	18	15 135	5 3	7 384	19 3
" Branch B Returns							7 806	11 9
" Trading Account					£15 191	11 -	£15 191	11 -

EXERCISE XIV No 6

APPROXIMATE STOCK ACCOUNT

Cr

Dr

19 Mar 1	To Balance " Purchases	f 3 027 892	s 16 19	d 11 6	19 Mar 31	By Sales Less Returns Inwards Less 20% " Balance (estimated Stock) c/d	f 1,543 37	s 10 15	d 9 4
	Less Returns Outwards	3 920 28	16 9	5 1			1 505 301	15 3	5 1
							1,204 2 087	12 15	4 -
Apr 1	To Balance (estimated Stock) b/d	3,892 2,687	7 15	4 -			3,892	7	4

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

Dr

Cr

	Liverpool Branch		Reading Branch		Total		Liverpool Branch		Reading Branch		Total	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stock 1st Jan	4 807	13 9	3 946	15 7	8 754	9 4	26 156	18 3	21 549	15 10	47 703	14 1
By Purchases Net	11 918	14 4	9 857	13 9	21 786	8 1	5 016	14 8	4 028	11 5	9 045	6 1
" Carriage Inwards	509	12 8	457	11 6	967	4 2						
" Wages	2 386	18 4	1 848	15 9	4 233	14 1						
Balance Gross	11 550	13 10	9 456	10 8	21 007	4 6						
Profit c/d	£ 31 173	12 11	25 575	7 3	56 749	- 2	£ 31 173	12 11	25 575	7 3	56 749	- 2
To Bad Debts	607	14 9	550	18 8	1 158	13 3						
" Travellers Salaries etc	1 814	5 10	1 328	13 7	3 142	19 5						
" Discounts Allowed	1 605	10 2	1 572	14 8	3 178	4 10						
" Sundry Expenses	3 017	14 11	2 856	11 5	5 874	6 4						
" Horse & Stable Exps	327	3 7	246	9 10	573	13 5						
" Rent Rates & Taxes	382	10 6	298	10 6	681	1 1						
" Bad Debts Reserve	845	15 7	674	2 6	1 519	18 1						
" Depreciation	40	12 11	25	3 9	65	14 8						
" Balance Net Profit of Branches	3 423	1 3	2 302	4 1	5 725	5 4						
	£ 12 064	9 6	9 845	6 10	21 919	16 4	£ 12 064	9 6	9 855	6 10	21 919	16 4

GENERAL PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

Dr.	£	s	d	£	s	d	£	s	d
To Salaries	987	16	2	By Branch Profits—					
" Directors' Fees	450	10	6	Liverpool	3 423	1	3		
" Debenture Interest	600	—	—	Reading	2 302	4	1		
" Rent, Rates, and Taxes	287	14	6					5 725	5 4
" Depreciation	17	10	4						
" Balance Net Profit	3 381	13	10					£5 725	5 4
	£5 725	5	4						

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d
Share Capital—							Horses, Harness, Vehicles etc.			
25 000 Shares of £1 each, fully paid				22 000	—	—	less depreciation	3 655	6	7
5% Debentures				10 000	—	—	Furniture, Fixtures, and Fittings.	749	5	—
Reserve Fund Account				7 500	—	—	less depreciation	9 045	6	1
Bills Payable				2 514	11	2	Stock-in-Trade	30 398	1	5
Sundry Creditors				8 216	15	9	Sundry Debtors	1 519	18	1
Profit and Loss Account—							Less Bad Debts Reserve	28 878	3	4
Profit for Year	3 381	13	10				Cash at Bank	8 916	9	3
Less Interim Dividend	2 200	—	—				" in hand	168	10	6
				1 181	13	10				
				£51 413	—	9			9 084	19 9
									£51 413	— 9

EXERCISE XIV--No 8

HEAD OFFICE TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	12 317	4	2			
Branch Current Account .	3 710	11	4			
Goods in Transit .	250	-	-			
Sundry Creditors .				3 017	15	6
Remittances from Branch .				1 260		
Capital				12 000	-	-
	£16 277	15	6	£16 277	15	6

BRANCH TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	2 847	10	9			
Remittances to Head Office	1 260					
Remittances in Transit .	60	-	-			
Sundry Creditors .				456	19	5
Head Office Account . .				3 710	11	4
	£4 167	10	9	£4 167	10	9

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital	12 000		-	Sundry Assets	15 164	14	11
Sundry Creditors	3 474	14	11	Goods in Transit	250		-
				Remittances in Transit	60		-
	£15 474	14	11		£15 474	14	11

EXERCISE XIV—No. 9

HEAD OFFICE JOURNAL

		£	s	d	£	s	d
19 Dec 31	Remittances from Branch	2,360	-	-	2,360	-	-
	To Branch Account						
	Balance transferred						
" 31	Branch Trading Account	3,676	15	6	3,676	15	6
	To Branch Account						
	Stock, 1st Jan	675	11	2			
	Purchases	2,916	16	7			
	Carriage Inwards	84	7	9			
	Balances transferred						
" 31	Branch Account	5,173	12	4	5,173	12	4
	To Branch Trading Account						
	Sales	4,462	16	8			
	Stock, 31st Dec	710	15	8			
	Balances transferred						
" 31	Branch Trading Account	1,496	18	10			
	Branch Account	10	14	11			
	To Branch Profit and Loss Account				1,507	11	9
	Gross profit and discount received transferred						
" 31	Branch Profit and Loss Account	740	12	11	740	12	11
	To Branch Account						
	Wages and Salaries	428	13	11			
	Rent, Rates and Taxes	92	15	3			
	Discounts Allowed	86	19	4			
	Sundry Expenses	65	11	7			
	Bad Debts	35	18	5			
	Depreciation	30	14	5			
	Balances transferred						
" 31	Branch Profit and Loss Account	766	18	10	766	18	10
	To Head Office Profit and Loss A/c						
	Net profit of branch transferred						
		£ 14,225	11	4	£ 14,225	11	4

HEAD OFFICE BOOKS

Dr

REMITTANCES FROM BRANCH

Cr.

19 Dec 31	To Branch A/c	£ 2,360	s	d	19 Jan Dec	By Cash	£ 2,360	s	d
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EXERCISE XIV—No 9 (contd)

Dr		BRANCH ACCOUNT					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	3 516	16	6	Dec 31	By Remittances from			
Dec 31	Branch Trading	5 173	12	4		Branch A/c	2 360		
31	Branch Profit & Loss	10	14	11	31	Branch Trading	3 676	15	6
					31	Branch Profit & Loss	740	12	11
					31	Balance c/d	1 923	15	4
		£8 701	3	9			£8 701	3	9
19									
Jan 1	To Balance b/d	1 923	15	4					

BRANCH TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Account—		£	s	d
Stock 1st Jan		6 7	11	2	Sales		4 462	16	8
Purchases		7 916	16	7	Stock 31st Dec		710	15	8
Carriage Inwards		84	7	9					
Branch Profit & Loss A/c (gross profit)		1 496	16	10					
		£5 173	12	4			£5 173	12	4

BRANCH PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Trading A/c		£	s	d
Wages & Salaries		428	13	11	(gross profit)		1 496	16	10
Rent Rates and Taxes		92	15	3	Branch Account—				
Discts Allowed		86	19	4	Discts Received		10	14	11
Sundry Expenses		65	11	7					
Bad Debts		35	18	5					
Depreciation		30	14	5					
Head Office Profit & Loss A/c (NET profit transferred)		766	18	10					
		£1 507	11	9			£1 507	11	9

EXERCISE XIV—No 9 (contd.)

BRANCH BOOKS

Dr		REMITTANCES TO HEAD OFFICE				Cr	
19 Jan-Dec.	To Cash	£	s	d	19 Dec. 31	By Head Office A/c	£ s d
		2 360	-	-			2 360 - -

Dr		HEAD OFFICE ACCOUNT				Cr	
19 Dec. 31	To Remittances to Head Office A/c	£	s	d	19 Jan. 1	By Balance	£ s d
		2 360	-	-	Dec. 31	Profit and Loss A/c (Transfer of NET profit)	3 516 16 6
	Balance b/d	1 923	15	4			766 18 10
		4 283	15	4			4 283 15 4
					19 Jan. 1	By Balance b/d	1 923 15 4

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr						Cr	
To Stock 1st Jan	£	s	d	By Sales	£	s	d
„ Purchases from H O	678	11	2	Stock, 31st Dec.	4 462	16	8
„ Carriage Inwards	2 916	16	7		710	15	8
„ Bal. GROSS PROFIT	84	7	9				
	1 496	16	10				
	5 173	12	4				
To Wages and Salaries	428	13	11	By Trading Account	1 496	16	10
„ Rent Rates & Taxes	92	15	3	„ Discount Received	10	14	11
„ Sundry Expenses	65	11	7				
„ Bad Debts	35	18	5				
„ Discounts Allowed	86	19	4				
„ Depreciation	30	14	5				
„ H O A/c (NET profit transferred)	766	18	10				
	1 507	11	9				

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES		£	s	d	ASSETS		£	s	d
Sundry Creditors		154	12	6	Cash		187	5	10
Head Office Account—					Sundry Debtors		847	13	5
Balance 1st Jan.	3 516 16 6				Stock		710	15	8
Less Remittances	2 360 - -				Horses and Carts		256	14	2
	£1,156 16 6				(less Depreciation)				
Add Profit for year.	786 18 10				Furniture and Fixtures		75	15	9
		1 923	15	4	(less Depreciation)				
		£2 078	7	10			2 078	7	10

GENERAL TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

	London			Edinburgh			Dublin			Total		
	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	6174	10	7	4629	13	4	3852	19	4	14687	5	3
Purchases	37835	19	5	28085	17	2	24678	10	2	91621	6	9
from												
Branches	3047	8	10	2875	14	9	2359	11	6	8282	15	1
Carriage inwards	584	13	8	425	9	10	387	11	7	1367	13	1
Wages	3814	3	9	2675	11	5	2075	16	3	8565	11	5
Balances c/d	13578	3	4	8568	10	3	5084	10	1	30547	12	8
Gross Profit	65033	19	7	48279	7	9	41448	18	11	155756	17	7
To Discounts Allowed	657	16	8	457	9	6	357	9	10	1442	16	2
Carriage Outwards	825	4	9	814	4	11	699	15	8	2432	12	4
By Light	308	18	5	213	15	3	156	13	9	685	7	5
Frig & Stationery	287	1	3	223	16	5	126	17	2	913	11	3
Advertising	732	19	11	586	18	4	438	14	2	1756	12	5
Salaries	197	14	11	134	13	7	86	18	4	419	6	10
Trade Expenses of												
Plant, etc	571	13	2	440	13	2	341	17	6	1344	1	10
Int on Capital	1012	6	9	708	12	6	513	16	9	2254	16	
Balance c/d	9132	2	11	5132	10	2	5481	12	10	19745	5	11
Net Profit	14073	17	2	18971	12	9	18392	7		61437	10	6
To Cash at disposal—												
1 inch (London)	8088	1	10	1283	2	7	1627	4	3	9198	8	8
G Green (Edn)	1822	7		2506	5	1	1577	4	3	5910	9	11
R Roberts (D bln)	132	-	0	1283	2	6	1827	4	4	4632	7	4
Balance c/d	59137	2	11	1332	10	2	15481	12	10	19745	5	11
	65033	19	7	48279	7	9	41448	18	11	155756	17	7
By Sales	54719	11	8	40207	13	6	34447	16	9	129375	1	11
Sales to Branches	4028	19	8	3318	15	9	3028	9	10	10375	18	3
Stock 31st Dec	6283	11	3	4752	18	6	3972	19	4	15011	6	1
By Trading Accounts	13576	3	4	8585	19	3	8084	10	1	30247	12	8
Discounts Received	497	13	10	384	13	6	307	10	6	1159	17	10
By Branch Profits Net	14073	17	2	18971	12	9	18392	-	7	61437	10	6
	9132	2	11	5132	10	2	5481	12	10	19745	5	11
	65033	19	7	48279	7	9	41448	18	11	155756	17	7

EXERCISE XIV—No 10 (contd.)

BALANCE SHEET (Ordinary Form) AS AT 31ST DECEMBER 19

LIABILITIES	£			s			d			£			s			d		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
Sundry Creditors										16 546	1	2				421	19	10
Capital Accounts—																17 751	19	7
<i>P. Finch</i> 1st Jan																30 831	1	3
Add Interest	1 032	6	9	20 646	15	7										15 011	6	1
Sh of Profits	9 193	8	8	10 230	15	5										12 096	16	7
Less Drawings																		
<i>G Green</i> 1st Jan	708	12	6							27 877	11							
Add Interest	8 915	9	11	30 877	11													
Sh of Profits				3 000														
Less Drawings																		
<i>R Roberts</i> 1st Jan				14 172	10	5												
Add Interest				6 624	2	5												
Sh of Profits				20 796	12	10												
Less Drawings				2 500														
<i>R Roberts</i> 1st Jan										13 296	17	10						
Add Interest	513	16	9	10 276	14	3												
Sh of Profits	4 632	7	4	5 140	4	1												
Less Drawings																		
				15 422	18	4												
				2 000						13 422	18	4						
										£ 76 143	3	4				£ 76 143	3	4

EXERCISE XIV—No. 10 (contd)

LONDON'S LEDGER

Dr		EDINBURGH CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By F. Finch (Share of London Profit)	£	s	d
Dec 31	" G. Green (Share of London Profit)	2,389	14	5			1,522	-	7
		1,267	2	7	31	" Balance c/d	2,117	16	5
		£1,669	17	-			£3,119	17	-

Dr		DUBLIN CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By F Finch (Share of London Profit)	£	s	d
Dec 31	" R Roberts (Share of Dublin Profit)	2 017	16	9			1 522	-	6
		1 827	4	3	31	" Balance c/d	2 925	2	6
		£3 845	3	-			£3 845	3	-

Dr		F. FINCH'S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Drawings	£	s	d	19 Jan 1	By Balance	£	s	d
" 31	Balance c/d	27 877	11	-	Dec 31	Interest	20 648	14	7
						" Share of Profit—	1 032	6	0
						London	6 068	1	10
						Edinburgh	1 241	2	7
						Dublin	1 827	4	3
		£ 27 877	11	-			£ 20 677	11	-
					Dec 31	By Balance b/d	27 877	11	-

EDINBURGH'S LEDGER

Dr		LONDON CURRENT ACCOUNT				Cr			
19 Dec 31	To F Finch (Share of London Profit)	£	s	d	19 Jan 1	By Balance	£	s	d
		1522	-	7	Dec 31	" G Green (Share of London Profit)	2389	14	5
" 31	" Balance c/d	2147	16	5			1241	2	7
		£3669	17	-			£3669	17	-

Dr		DUBLIN CURRENT ACCOUNT				Cr			
19 Jan. 1	To Balance	£	s	d	19 Dec 31	By G. Green (Share of Dublin Profit)	£	s	d
Dec 31	" R. Roberts (Share of Profit)	1 027	12	8			1 293	2	6
		1 827	4	3	" 31	" Balance c/d	1 571	14	5
		£2 854	16	11			£2 854	16	11

EXERCISE XIV—No 10 (contd)

Dr		G GREEN'S CAPITAL ACCOUNT						Cr			
19		£	s	d	19			£	s	d	
Dec 31	To Drawings	2 500			Jan 1	By Balance		14 172	10	5	
31	Balance c/d	18 296	12	10	Dec 31	Interest		708	12	6	
					31	Share of Profit—					
						London		1 522		7	
						Edinburgh		2 566	5	1	
						Dublin		1 827	4	3	
		£	20 796	12	10			£	20 796	12	10
					Dec 31	By Balance b/d		18 296	12	10	

DUBLIN'S LEDGER

Dr		LONDON CURRENT ACCOUNT					Cr		
19 Dec 31	To F Finch (Share of London Profit) Balance c/d	£ 1 522	s -	d 6	19 Jan 1 Dec 31	By Balance R Roberts (Share of DUBLIN Profit)	£ 2 017 18 77	s 18 4	d 9 3
" 31		2 323	2	6					
		£3 845	3				£3 845	3	

Dr		EDINBURGH CURRENT ACCOUNT						Cr		
		£	s	d				£	s	d
19					19					
Dec 31	To G Green	1 283	2	6	Jan 1	By Balance		1 027	12	8
	(Share of Every				Dec 31	R Roberts		1 827	4	3
	Business Profit)					(Share of DUBLIN				
" 31	, Balance c/d	1 571	14	5		Profit)				
		£2 854	16	11				£2 854	16	11

Dr		R ROBERTS'S CAPITAL ACCOUNT						Cr			
		£	s	d				£	s	d	
19					19						
Dec 31	To Drawings	2 000			Jan 1	By Balance		10 576	13	4	
" 31	Balance c/d	13 472	18	4	Dec 31	Interest		513	16	3	
					31	Share of Profit—					
						London		1 522		6	
						Edinburgh		1 983	2	6	
						Dublin		1 827	4	4	
		£	15 472	18	4			£	15 472	18	4
					Dec 31	By Balance b/d		13 472	18	4	

EXERCISE XIV—No 11

HEAD OFFICE BOOKS

Dr.		BRANCH ACCOUNT (MANCHESTER)					Cr		
19 July 1	To Balance—	£	s	d	19 July-Dec	By Sales—	£	s	d
	Stock	720				Cash	1 214		
	Debtors	1 227				Credit	2 384		
July-Dec.	" Goods from H O	2 178			Dec 31	" Balance c/d—			
Dec 31	" Balance	1 804				Stock	1,121		
	Gross Profit					Debtors	1 210		
		£3 929					£3 929		

BRANCH PROFIT AND LOSS ACCOUNT

Dr				FOR HALF YEAR ENDED 31ST DECEMBER, 19..				Cr.			
		£	s	d			£	s	d		
To Rent Rates, etc		375	-	-	By Branch Account		1,804	-	-		
„ Wages and Sundry Expenses		398	-	-							
„ Balance, Net profit		1,033	-	-							
		1 804	-	-			£1 804	-	-		

Dr		CASH BOOK					Cr		
19 July-Dec	To Branch Account— Sales Debtors	£	s	d	19 July-Dec	By Branch Account— Rent & Taxes, &c. Wages & Sundry expenses	£	s	d
		1 214					375		
		2 384					398		
		£3 598					£771		

EXERCISE XIV—No 12

LONDON'S LEDGER

Dr		SWANSEA CURRENT ACCOUNT			Cr				
19 Dec 31	To A & B's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
		2 000	-	-	Dec 31	" C's Share of Profit	3 000	-	-
" 31	" Balance c/d	2 500	-	-			1,500	-	-
		£4 500	-	-			£4 500	-	-
					Dec. 31	By Balance b/d	2 500	-	-

EXERCISE XIV—No 12 (contd)

Dr		GLASGOW CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By D's Share of Profit	£	s	d
Dec 31	A & B's Share of Profit	2 000			31	Balance c/d	1 500		
		3 200					3 700		
		£ 200					£ 200		
Dec 31	To Balance b/d	3 700							

Dr		A S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Drawings	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 000			Dec 31	Share of Profit—	10 000		
		14 600				London	3 000		
						Glasgow	1 600		
						Swansea	1 000		
		£ 15 600					£ 15 600		
	B S CAPITAL A/C AS A S				Dec 31	By Balance b/d	14 600		

SWANSEA'S LEDGER

Dr		LONDON CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By A & B's Share of Profit	£	s	d
Dec 31	C's Share of Profit	3 000			31	Balance c/d	2 000		
		1 500					2 500		
		£4 500					£4 500		
Dec 31	To Balance b/d	2 500							

Dr		GLASGOW CURRENT ACCOUNT						Cr	
19 Dec 31	To C's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 600			Dec 31	D's Share of Profit	4 000		
		3 400					1 000		
		£ 5 000					£ 5 000		
					Dec 31	By Balance b/d	3 400		

Dr		C S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Drawings Balance c/d	£ 1 000 10 100	s — —	d — —	19 Jan 1 Dec 31	By Balance Share of Profit— London Glasgow Swansea	£ 5 000 1 500 1 600 3 000	s — — — —	d — — — —
		£ 11 100					£ 11 100		
					Dec 31	By Balance b/d	10 100		

EXERCISE XIV—No 12 (contd.)

GLASGOW'S LEDGER

Dr.				LONDON CURRENT ACCOUNT				Cr.			
19 Dec. 31	To D's Share of Profit	£	s	d	19 Jan. 1	By Balance	£	s	d		
" 31	" Balance c/d	1,200	-	-	Dec. 31	" A & B's Share of Profit	2,600	-	-		
		3,700	-	-			3,200	-	-		
		£3,200	-	-			£3,200	-	-		
					Dec. 31	By Balance b/d	3,700	-	-		

Dr.				SWANSEA CURRENT ACCOUNT				Cr.			
19 Jan. 1	To Balance	£	s	d	19 Dec. 31	By C's Share of Profit	£	s	d		
Dec. 31	" D's Share of Profit	4,600	-	-	" 31	" Balance c/d	1,600	-	-		
		1,000	-	-			3,400	-	-		
		£5,600	-	-			£5,600	-	-		
Dec. 31	To Balance b/d	3,400	-	-							

Dr.				D'S CAPITAL ACCOUNT				Cr.			
19 Dec. 31	To Drawings	£	s	d	19 Jan. 1	By Balance	£	s	d		
" 31	" Balance c/d	300	-	-	Dec. 31	" Share of Profit—	5,000	-	-		
		8,400	-	-		London	3,500	-	-		
						Glasgow	2,400	-	-		
						Swansea	1,000	-	-		
		£9,900	-	-			£9,900	-	-		
					Dec. 31	By Balance b/d	8,400	-	-		

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Creditors	31	500	-	Cash	16	200	-
Capital Accounts—				Debtors	43	000	-
A	14	600	-	Stock	21	000	-
B	14	600	-				
C	10	100	-				
D	9	400	-				
	48	700	-				
	£	80	200		£	80	200

EXERCISE XIV—No 13

BRANCH (MAIDSTONE)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 19 .

<i>Dr</i>		<i>£</i>	<i>s</i>	<i>d</i>			<i>£</i>	<i>s</i>	<i>d</i>	<i>Cr</i>
To Coal from H O		1,748	-	-	By Sales of Coal		1,750	-	-	
„ Salaries, Rent and Expenses		620	-	-	„ Stock, 31st Dec		984	-	-	
„ Bal NET PROFIT		366	-	-						
		£2,734	-	-			£2,734	-	-	

HEAD OFFICE JOURNAL

		<i>£</i>	<i>s</i>	<i>d</i>		<i>£</i>	<i>s</i>	<i>d</i>
19 Dec 31	Branch Profit and Loss Account To Branch Account Coal from Head Office . . . £1,748 Salaries, Rent etc . . . 620 Balances transferred	2,368	-	-		2,368	-	-
„ 31	Branch Account To Branch Profit and Loss Account Sale of Coal . . . £1,750 Stock 31st Dec . . . 984 Balances transferred	2,734	-	-		2,734	-	-
„ 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c Balance transferred	366	-	-		366	-	-
„ 31	Cash 78 Debtors 640 Stock 984 Horses and Carts 280 To Branch Account Balances transferred	78 640 984 280	-	-		1,982	-	-
„ 31	Branch Account To Sundry Creditors . . . Head Office Adjustment . . . Balances transferred	1,616	-	-		42 1,574	-	-
		£9,066	-	-		£9,066	-	-

EXERCISE XIV—No 14.

See Advanced Accounts, Chapter XIV

EXERCISE XIV—No 15

The Remittance to the Branch for £500 would be deducted from the Branch Account and shown as a Remittances in Transit Account. This item would not then show as a charge against the Branch but as a separate item in the Balance Sheet (See also *Advanced Accounts* under Goods and Remittances in Transit.)

EXERCISE XIV—No 16

Dr BRANCH TRADING ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
To Branches—	£	£	£	£	By Branches—	£	£	£	£
Goods from					Sales	1 000	900	1 350	3 250
H.O.	60	600	900	2 200	Returns to				
Returns I/w/ds	90	36	60	146	H.O.	10	9	21	40
Branch Profit	360	93	571	1 74	Stocks	100	120	110	330
and Loss A/c's					31st Dec				
(Gross Profits)									
	£1 110	£1 029	£1 481	£3 670		£1 110	£1 029	£1 481	£3 670

Dr BRANCH PROFIT AND LOSS ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
To Branches—	£	£	£	£	By Branch Trading	£	£	£	£
Rent Rates					Accounts	360	393	521	1 274
etc	31	29	40	100					
Wages and	39	40	45	124					
Salaries									
Balance Net	290	324	436	1 050					
Profit trans									
ferred to H.O.									
P & L A/c									
	£360	£393	£571	£1 274		£360	£393	£571	£1 274

Dr BRANCH DEBTORS ACCOUNT

Cr

	K	P	Q	Total		K	P	Q	Total
To Sales	£ 1 000	£ 900	£ 1 350	£ 3 250	By Returns I/w/ds	£ 90	£ 36	£ 60	£ 146
					Cash	850	770	1 200	2 770
					Balance c/d	100	144	90	334
	£1 000	£900	£1 350	£3 250		£1 000	£900	£1 350	£3 250
To Balance b/d	100	144	90	334					

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THE MANUFACTURING CO LTD

Cr

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19 .

Dr

	Head Office			Branch A			Branch B			Total			Head Office			Branch A			Branch B			Total		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	11 215	5	1				2 812	3	7	1 394	17	6	16 052	6	2				138 434			138 434		
By Sales Net	65 630	5	11				94 167	2	3	44 267		2	64 090	5	11				138 434			138 434		
" Goods free on 110							2 419			2 622	3	4	44 692	3	3				166 057			166 057		
" Wages	39 651	1	11				16 143	6	9	6 583	14	7	55 701	14	11				15 478			15 478		
Balance	32 974	15	11																					
Gross Profit	1148 331	10	0	£115 541	12	3	25 467	15	7	319 970	14	8	£148 981	6	10	£115 541	12	3	25 467	15	7	£319 970	14	8
To Salaries	1 510						247	14	4	276	6	6	2 024	14	7				6 583	14	7	55 701	14	11
" Car to Branches	1 518	14	7				442	6	7	328	14	4	1 094	3	8									
" Rates and Taxes	323	2	9				2 016	4	6	17 36	6	8	4 390	4	3									
" General Exps	517	9	2				1 552	8	2	746	17	11	2 223	6	1									
" Trade Debt													447	10	8									
" Income Tax	447	10	8										1 000											
" Directors Fees	100												105											
" Audit fee	105						240	10	1	124	5	1	371	15	2									
" By 100 bis Res																								
" Depreciations																								
" 1st etc 10%	306																							
" Freight re ele																								
" 5%	25						35			40			100											
Bal Net Profit	24 739	16	9	11 009	2	0	2 261	4	1	41 610	3	7	£32 974	14	11	£16 143	8	5	£6 583	14	7	£55 701	14	11

Dr

APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d	£	s	d
To Cash paid (amount written off)	5 600						2 174	2	1
" Reserve Account	10 000						26 739	16	9
" Balance to Balance Sheet	28 784	5	8				11 009	2	0
							3 261	4	1
							43 784	5	8

THE MANUFACTURING CO., LTD
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS			
£	s	d	£	s	d	£	s
Nominal Capital—				Fixed Property—			
15,000 Shares of £10 each.				Head Office			
			150 000			40,000	
Issued and Paid up Capital—				Branch A			
8,000 Shares of £10 each						10,000	
Reserve Fund				Branch B			
Sundry Creditors—						8,000	
Head Office				Plant and Machinery			
Branch A				Less Depreciation			
Branch B						800	
Profit and Loss Account—				Furniture and Fixtures—Head Office			
Balances available for Distribution				Less Depreciation			
			11 247			500	
			343			25	
			547			700	
						35	
						800	
						40	
						80,000	
						8,000	
						10 527	
						3,024	
						1,927	
						9 620	
						240	
						10 1	
						5	
						12	
						9	
						2	
						10 1	
						3	
						134	
						5	
						6 780	
						14	
						83	
						48	
						2 9	
						2 9	
						5	
						18 1	
						10	
						12 8	
						15 479	
						25,000	
						760	
						475	
						665	
						7,200	
						60,000	
						8,925	
						131,120	
						12 5	

EXERCISE XIV—No. 18 (cont.)

THE X Y Z MANUFACTURING CO., LTD.
BALANCE SHEET AS AT 31st DECEMBER 19..

[illegible]

EXERCISE XIV—No 19 (cont'd)

THE UNITED KINGDOM TRADING CO., LTD
 THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19		C7	
<i>Dt</i>	<i>£</i>	<i>s</i>	<i>d</i>
To Expenses at Head Office	515	9	2
· Rent, Rates, etc (Head Office)	217	10	—
· Debenture Interest (including ½ yr accrued)	225	—	—
· Directors Fees	750	—	—
· Bank Charges	56	5	—
· Balance, Ner Profit .	1,324	11	3
	<u>£3,088</u>	<u>15</u>	<u>5</u>
By Ner Profits of Branches—			
Northern	1,775	13	—
Southern	1,299	1	2
· Interest on Consols . (less Income Tax)	3,074	14	13
	<u>£3,088</u>	<u>15</u>	<u>5</u>

THE UNITED KINGDOM TRADING CO LTD
BALANCE SHEET AS AT 31st MARCH 19

CAPITAL AND LIABILITIES	£			s			d			£			s			d		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
<i>Issued Capital—</i>										3 500	—	—						
13 000 Shares of £1 each	13 000									262	10	—				3 237	10	—
Less Calls in Arrears	245																	
4½% Debentures				12 755	—	—				2 500	—	—						
Reserve Fund Account				5 000	—	—				187	10	—				2 312	10	—
Sundry Creditors—				4 000	—	—				3 000	—	—				5 500	—	—
Northern Branch	1 533	17	11							2 500	—	—						
Southern Branch	662	4	9															
<i>Items Outstanding—</i>																		
Interest on Debentures	112	10	—	2 196	2	8				2 960	17	9						
Expenses	75	—	—							1 564	10	2				4 525	7	11
Wages—Northern Branch	125	—	—							3 794	—	6						
Directors Fees	750	—	—							338	7	—				3 445	13	6
<i>Profit and Loss Account—</i>																		
Balance 1st April 19	500	—	—							2 960	7	2				2 764	9	6
Add Current Year's Profit	1 324	11	3	1 824	11	3				195	17	8				2 400	—	—
																14	1	3
																2 661	11	9
																32	—	—
																26 893	3	11

EXERCISE XIV—No. 20.

JOURNAL OF HEAD OFFICE

		£	s	d	£	s	d
19 .	South Africa Factory (Current A/c) To B.J.B. Payable Our acceptance of bills drawn on H O by Manager in S A	5,000	-	-	5,000	-	-
	Head Office Profit and Loss A/c To South Africa Factory (Cur A/c). For loss on working S A. factory transferred.	2,000	-	-	2,000	-	-
		7,000	-	-	7,000	-	-

CASH BOOK OF HEAD OFFICE

(CREDIT SIDE)

			Bank	
		£	s	d
19	By South Africa Factory (Current A/c)	10,000	-	-

EXERCISE XIV—No. 21

The answer to this question may be taken from *Advanced Accounts*

EXERCISE XIV—No 22

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 19

Dr

	Invoice Price		Net		Invoice Price		Net	
	£	s d	£	s d	£	s d	£	s d
To Stock 1st Jan	1 250	-	1 000	-			5 400	-
Goods from Head Office	9 100	-	7 280	-			3 500	-
Balance (apparent gain)	50	-	1 820	-			1 500	-
Balance Gross Profit					£ 10 400	-		-
	£ 10 400		10 100	-			10 100	-
To Wages			340					-
" Rent			400					-
" Sundry Expenses			80	-				-
" Balance NET PROFIT			1 000					-
			£ 1 820	-			1 820	-

EXERCISE XIV—No 23 (cont'd)

A B MERCHANT TRADING CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
Nominal Capital— 5 000 5% Preference Shares of £10 each 50 000 Ordinary Shares of £1 each		Factories— London Brazil Branch	
50 000	-	10 000	-
50 000	-	6 000	-
100 000	-	16 000	-
		300	-
		27 000	-
		10 000	-
		2 550	-
		2 000	-
		4 550	-
		87 150	-
Issued Capital— 5 000 5% Preference Shares £3 per share paid 50 000 Ordinary Shares of £1 each 10/- per share paid		Furniture London Stocks— London Brazil Branch	
		16 000	-
		13 000	-
		29 000	-
		300	-
		27 000	-
		10 000	-
		2 550	-
		2 000	-
		4 550	-
		87 150	-
Expenses Outstanding Profit and Loss Account— Balance at Head Office 1st Jan Add Current Year's Profits— London Brazil Branch		Sundry Debtors— London Brazil Branch Bills Receivable Cash in Bank— London Brazil Branch	
1 200	-	25 000	-
		25 000	-
		5 500	-
		150	-
30 300	-	31 500	-
		87 150	-

EXERCISE XIV—No 24

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE HALF-YEAR ENDED 30TH JUNE, 19. Cr

	£	s	d		£	s	d
To Purchases . . .	4 200	-	-	By Sales . . .	54 180	-	-
„ Wages . . .	5 700	-	-				
„ Bal. GROSS PROFIT	44 280	-	-				
	£ 54 180	-	-		£ 54 180	-	-
To Salaries . . .	560	-	-	By Trading Account	44 280	-	-
„ Directors Fees	200	-	-				
„ Discounts	2 500	-	-				
„ Fire Insurance	240	-	-				
„ Balance NET PROFIT transferred to H O A/c . . .	40 780	-	-				
	£ 44 280	-	-		£ 44 280	-	-

BALANCE SHEET AS AT 30TH JUNE, 19..

(Newcastle-on-Tyne Branch)

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	3 690	-	-	Cash . . .	60	-	-
Head Office Account	54 440	-	-	Bank . . .	1 450	-	-
				Debtors . . .	56 380	-	-
				Fire Insurance . . .	240	-	-
				(unexpired)			
	£ 58 130	-	-		£ 58 130	-	-

Dr HEAD OFFICE ACCOUNT Cr

	£	s	d		£	s	d
19 June 30 To Remittances from Branch	29 500	-	-	19 Jan 1 By Balance	44 720	-	-
„ 30 „ Premises Extension	1 500	-	-	June 30 Profit and Loss A/c (Net Profit transferred)	40 780	-	-
„ 30 „ Balance c/d	54 440	-	-				
	£ 85 500	-	-		£ 85 500	-	-
				June 30 By Balance b/d	54 440	-	-

Dr REMITTANCES TO HEAD OFFICE ACCOUNT Cr

	£	s	d		£	s	d
19 Jan - June To Cash	29 500	-	-	19 June 30 By Head Office A/c	29 500	-	-

EXERCISE XIV—No 24 (*contd*)

<i>Dr</i>		PREMISES EXTENSION ACCOUNT				<i>Cr</i>	
19 Jan	June	To Cash	£	s	d	19 June	30
			1 500	-		By Head Office A/c	
							£
							1 800
							s
							d

EXERCISE XIV—No 25

The tea sold through brokers would of course require no change of method to that normally employed in accounting

The question of dealing with remittances to Ceylon and the expenditure in Ceylon will require double columns one for currency and the other for sterling

Remittances would be charged against Ceylon at the rate ruling when sent

The expenditure in Ceylon would be converted at the average for the period under review.

EXERCISE XIV—No 26

CHICAGO TRIAL BALANCE

(CONTINUED)

	Rate	£	s	d	£	s	d
Fixtures and Fittings	4 88	1,070	7	8			
Bills Receivable	5 04	2,347	16				
Sundry Debtors	5 04	3,905	5	4			
Sundry Creditors	5 04				940	14	8
Stock, 1st Jan.	4 87	2,125	9	2			
Purchases	4 96	7,443	13	10			
Sales	4 96				13,698	19	6
Discounts Allowed	4 96	252	3				
Discounts Received	4 96				119	19	
Sundry Expenses	4 96	557	19	8			
Wages and Salaries	4 96	1,376	2	4			
Rent, Rates, Taxes, and Insurance	4 96	292	11	4			
Bad Debts	4 96	51	14	10			
Depreciation	4 96	177	2	8			
Cash in Hand	5 04	180	13	2			
Cash at Bank	5 04	1,809	15				
Head Office Account, 1st Jan	—				12,745	2	10
Remittances to Head Office	—	5,797	7	4			
Difference in Exchange (Loss).	—	24	14	8			
		£27,414	16		£27,414	16	

Stock, 31st Dec. @ 5 04 = £2,035 6/4

HEAD OFFICE JOURNAL

19		£	s	d	£	s	d
Dec 31	Remittances from Branch To Branch Account Balance transferred	5,797	7	4	5,797	7	4
" 31	Branch Trading Account To Branch Account Stock, 1st Jan £2,125 9 2 Purchases 7,443 13 10 Balances transferred	9,571	3		9,571	3	
" 31	Branch Account To Branch Trading Account Sales £13,698 19 6 Stock, 31st Dec 2,035 6 4 Balances transferred	15,694	5	10	15,694	5	10
" 31	Branch Trading Account Branch Account To Branch Profit and Loss A/c Gross profit and discounts received transferred	6,123	2	10	6,243	1	10

EXERCISE XIV—No 26 (contd.)

HEAD OFFICE JOURNAL—(contd.)

		£	s	d	£	s	d
19 Dec 31	Branch Profit and Loss Account	2 732	8	6			
	To Branch Account				2 732	8	6
	Discounts Allowed	£252	3	-			
	Sundry Expenses	557	19	8			
	Wages and Salaries	1 376	2	4			
	Rent Rates Taxes etc	292	11	4			
	Bad Debts	51	14	10			
	Depreciation	177	2	8			
	Difference in Exchange	24	14	8			
	Balances transferred						
„ 31	Branch Profit and Loss Account	3 510	13	4			
	To Head Office Profit and Loss A/c				3 510	13	4
	NET PROFIT of branch transferred						
		£ 43 548	19	10	43 548	19	10

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH

Cr

		£	s	d			£	s	d
19 Dec 31	To Branch Account	5 797	7	4	19 Jan Dec	By Cash	5 797	7	4

Dr

BRANCH ACCOUNT

Cr

		£	s	d			£	s	d
19 Jan 1	To Balance	12 745	2	10	19 Dec 31	By Remittances from Branch	5 797	7	4
Dec 31	Branch Trading A/c	15 634	5	10	31	Branch Trading A/c	9 571	3	
„ 31	Branch Profit and Loss A/c	119	19		31	Branch Profit and Loss A/c	2 732	8	6
					31	Balance c/d	10 458	8	10
		£ 28 559	7	8			£ 28 559	7	8
Dec 31	To Balance b/d	10 458	8	10					

Dr

BRANCH TRADING ACCOUNT

Cr

		£	s	d			£	s	d
19 Dec 31	To Branch Account— Stock	2 175	9	2	19 Dec 31	By Branch Account— Sales	13 608	19	6
	Purchases	7 455	13	10		Stock	2 035	6	4
„ 31	Branch Profit and Loss Account (Gross Profit)	6 123	2	10					
		£ 15 694	5	10			£ 15 694	5	10

EXERCISE XIV—No 26 (contd)

Dr		BRANCH PROFIT AND LOSS ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Dec 31	To Branch Account—				Dec 31	By Branch Trading A/c	6,123	2	0
	Discounts Allowed	252	3	—	" 31	Discounts Received	119	19	—
	Sundry Expenses	537	19	8					
	Wages and Salaries	1,376	2	4					
	Rent, Rates, etc.	292	11	4					
	Bad Debts	51	14	10					
	Depreciation	177	2	6					
	Difference in Ex- change	24	14	8					
" 31	Balance, Net Profit to H.O. P. & L. A/c	3,510	13	4					
		16,243	1	10			16,243	1	10

Dr		BRANCH LEDGER						Cr	
		REMITTANCES TO HEAD OFFICE							
19		Dols	Cts	19		Dols	Cts		
Jan - Dec	To Cash	29	500-000	Dec 31	By H.O. A/c	29	500-000		

Dr		HEAD OFFICE ACCOUNT						Cr	
19		Dols	Cts	19		Dols	Cts		
Dec 31	To Transfer from Re- mittances	29	500 00	Jan 1	By Balance	64,134	90		
	" Balance c/d	52	528 60	Dec 31	" P & L A/c (Net Profit)	17,893	70		
		82	028 60					82,028	60
				Dec 31	By Balance b/d	52,528	60		

Dr		TRADING AND PROFIT AND LOSS ACCOUNT						Cr	
		FOR THE YEAR ENDING 31ST DECEMBER, 19							
		Dols	Cts			Dols	Cts		
To Stock, 1st Jan		10	351 00	By Sales		67,500	50		
" Purchases		36	930 64	" Stock, 31st Dec		10	510-00		
" Balance c/d		30	728 86						
(GROSS PROFIT)		78	010-50					78	010-50
To Discounts Allowed		1	250 68	By Trading Account		30	728 86		
" Sundry Expenses		2	767 60	" Discounts Received			594 96		
" Wages and Salaries		6	825 50						
" Rent, Rates, etc.		1,451	12						
" Bad Debts		878	58						
" Depreciation		256	64						
" NET PROFIT to H.O. A/c		17	893-70						
		31,323	82					31,323	82

EXERCISE XIV—No 26 (cont'd)

CHIYACAO BRANCH

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

Notes —

NOTE —
(1) A Balance Sheet for working of Branch would not appear in Head Office books but would be incorporated in the General Balance Sheet

(2) The Branch would keep its LEDGER etc in currency and consequently this exercise is worked accordingly

EXERCISE 28 is similarly treated

EXERCISE XIV—No 27.

The same as EXAMPLE 2 of *Advanced Accounts* page 479 except that double the figures are employed

EXERCISE XIV—No 28

SHANGHAI TRIAL BALANCE (CONVENTED)

	Rate	£	s	d	£	s	d
Head Office Account	—				15,270	2	6
Remittances to Head Office	—	2 850	—	—			
Stock, 1st Jan	2/10	1,856	13	8			
Freehold Land and Buildings	3/4	3 000	—	—			
Purchases	3/2	6 814	13	4			
Sales	3/2				10,766	19	8
Sundry Debtors	3/6	4 686	10				
Sundry Creditors	3/6				2,581	19	—
Fixtures and Fittings	3/-	949	19	—			
Carriage and Freight (Inwards)	3/2	416	11	6			
Salaries	3/2	460	8	8			
Rates and Taxes	3/2	105	18	6			
Sundry Expenses	3/2	57	15	10			
Cash	3/6	24	6	6			
Bank	3/6	2 387	14	—			
Plant and Machinery	3/6	3,150	—	—			
Wages	3/2	1,316	12				
Depreciation	3/2	399	19				
Difference in Exchange (Loss)	—	139	19	2			
Stock, 31st Dec @ 3s 6d = £2 027/18/		£ 28 619	1	2	28 619	1	2

EXERCISE XIV—No 28 (contd)

HEAD OFFICE JOURNAL

19		£	s	d	£	s	d
Dec 31	Remittances from Branch To Branch Account Balance transferred	2 850	—	—	2 850	—	—
" 31	Branch Trading Account To Branch Account Stock 1st Jan £1 856/13/8 Purchases 6 814/13/4 Carriage etc 416/11/6 Wages 1 318/12/- Balances transferred	10 406	10	6	10 406	10	6
" 31	Branch Account To Branch Trading Account Sales £10 766/19/8 Stock 31st Dec 2 027/18/- Balances transferred	12 794	17	8	12 794	17	8
" 31	Branch Trading Account To Branch Profit and Loss A/c Balance transferred	2 388	7	2	2 388	7	2
" 31	Branch Profit and Loss Account To Branch Account Salaries £460/8/8 Rates and Taxes 105/18/6 Sundry Expenses 57/15/10 Depreciation 399/19/- Difference in Exchange 139/19/2 Balances transferred	1 164	1	2	1 164	1	2
" 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c NET PROFIT of branch transferred	1 224	6	—	1 224	6	—
		£ 30 828	2	6	30 828	2	6

HEAD OFFICE LEDGER

Dr				REMITTANCES FROM BRANCH				Cr			
19		£	s	d	19		£	s	d		
Dec, 31	To Branch Account	2 850	—	—	Jan Dec.	By Cash	2 850	—	—		

EXERCISE XIV—No 28 (contd)

Dr.		BRANCH ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
Jan 1	To Balance	15	270	2 6	Dec 31	By Remittances from Branch	2,830	-	
Dec 31	" Branch Trading A/c	12,794	17	8	" 31	" Branch Trading A/c	10,406	10 6	
					" 31	" Branch Profit & Loss	1,164	1 2	
					" 31	" Balance c/d	13,644	6 6	
		£	28	065	-	2	£	28,085	- 2
Dec 31	To Balance b/d	13,644	6	6					

Dr		BRANCH TRADING ACCOUNT				Cr				
19		£	s	d	19		£	s	d	
Dec 31	To Branch Account— Stock, 1st Jan	1,806	13	8	Dec. 31	By Branch Account— Sales	10,766	19	8	
	Purchases	6,814	13	4		Stock, 31st Dec	2,027	18	-	
	Carrriage, etc.	416	11	0						
	Wages	1,319	12	-						
" 31	" Branch P & L A/c	2,388	7	2						
		£	12,794	17	8		£	12,794	17	8

Dr		BRANCH PROFIT AND LOSS ACCOUNT				Cr				
19		£	s	d	19		£	s	d	
Dec 31	To Branch Account—				Dec 31	By Branch Trading A/c	2,830	7	2	
	Salaries	460	8	8						
	Rates and Taxes	105	18	6						
	Sundry Expenses	57	15	10						
	Depreciation	399	19							
	Difference in Ex change	129	19	2						
" 31	Net Profit to H O Profit & Loss A/c	1,224	6							
		£	2,830	7	2		£	2,830	7	2

BRANCH LEDGER

Dr		REMITTANCES TO HEAD OFFICE				Cr	
19.		Taels	19	Taels			
Jan.-Dec.	To Cash . . .	19,000	Dec 31	By Head Office A/c	19,000		

EXERCISE XIV—No 28 (contd)

Dr		HEAD OFFICE ACCOUNT		Cr	
19		Taels	19		Taels
Dec 31	To Remittances to Head Office	19 000	Jan 1	By Balance	92 713
31	Balance c/d	79 730	Dec 31	Profit & Loss A/c (NET PROFIT)	6 017
		98 730			98 730
			Dec 31	By Balance b/d	79 730

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19		Cr	
		Taels			Taels
To Stock 1st Jan	13 106	By Sales	68 007		
Purchases	43 040	Stock 31st Dec	11 588		
Carriage etc	7 031				
Wages	8 328				
Balance c/d (GROSS PROFIT)	12 485				
	79 590				79 590
To Salaries	2 908	By Trading Account	12 485		
Rates and Taxes	669				
Sundry Expenses	365				
Depreciat on	2 576				
NET PROFIT to H O A c	6 017				
	12 485				12 485

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	Tael	ASSETS	Taels
Sundry Creditors	14 754	Cash in hand	139
Head Office Account	79 730	Cash at Bank	13 644
		Sundry Debtors	26 780
		Stock at close	11 588
		Fixt res and Fittings	6 333
		Plant and Machinery	18 000
		Freehold Land and Buildings	18 000
	94 484		94 484

EXERCISE XIV—No 29

FOREIGN BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19 . Jan 31	Stores Account To London Office Account. For sales purchased from London £1 000 @ 9d = \$13 334 @ 18d std	26,667	-	26 667	-
" 31	Stores Account To Sundry Creditors For stores purchased locally \$3,000 @ 9d = \$1,500 @ 18d std	3,000	-	3,000	-
" 31	Stores Consumed Account To Stores Account For stores used on revenue \$8 000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-
" 31	Capital Expenditure Account To Stores Account For stores used on capital \$4,000 @ 18d std = \$8 000 @ 9d	8 000	-	8 000	-
" 31	Sundry Debtors To Work Done Account For gross revenue earned	40,000	-	40,000	-
" 31	Trade Expenses Account To Sundry Creditors For expenses accrued	6,000	-	6 000	-
		\$95 667	-	\$95 667	-

PAPER BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19 . Dec 31	Bank Sundry Debtors To Sundry Creditors " Conversions Account (For balances at this date)	10,000 40 000	- -	15 000 35 000	- -
19 . Jan 31	Conversions Account To Sundry Creditors For stores purchased locally	50,000 3,000	- -	50,000 3,000	- -
" 31	Stores Consumed Account To Conversions Account For stores used on revenue \$6,000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-

EXERCISE XIV—No 29 (contd)

PAPER BOOKS—(contd)

JOURNAL—(contd)

		Dols	Cts	Dols	Cts
19 Jan 31	Sundry Debtors To Work Done For gross revenue earned	40 000		40 000	
31	Trade Expenses Account To Sundry Creditors (For expenses accrued)	6 000		6 000	-
		\$111 000		\$111 000	

GOLD BOOKS

JOURNAL

		Dols	Cts	Dols	Cts
19 Dec 31	Stores Account Conversions Account To London Office (say)	31 666 18 475			
	(For balances at this date)	50 141		50 141	-
19 Jan 31	Stores Account To London Office Account For stores purchased from London £1 000 \$13 334 @ 18d std	13 334		13 334	-
31	Stores Account To Conversions Account For stores purchased from creditors \$3 000 @ 9d = \$1 500 @ 18d std	1 500		1 500	-
31	Conversions Account To Stores Account For stores used on revenue	6 000		6 000	
31	Capital Expenditure Account To Stores Account For stores used on Capital A/c	4 000		4 000	-
31	Capital Expenditure To Conversions Account For wages paid on capital £3 000 @ 9d \$1 500 @ 18d std	1 500		1 500	-
31	London Office Account To Conversions Account (For \$12 000 remitted @ 10½d - \$7 000 @ 18d std)	7 000		7 000	
		\$83 475		\$83 475	

FOREIGN BOOKS

EXERCISE XIV--No 29 (cont'd) 1

Cr,

CASH BOOK

Dr

	19	Cts	Dols		19	Cts	Dols
Dec 31	To Balance	.	.	.	Jan 31	By Wages	8 000
19					31	" Capital Expenditure @ 9d = £150	3,000
Jan 31	To Sundry Debtors	.	.	.	31	" Sundry Creditors	16,000
					31	" London Office @ 10½d = £525	12 000
					31	" Balance c/d	11 000
							50 000

Cr

REVENUE ACCOUNT

Dr

	19	Cts	Dols		19	Cts	Dols
Jan 31	To Stores Consumed	.	.	.	Jan 31	By Work Done .	40,000
" 31	" Wages	.	.	.			
" 31	" Trade Expenses	.	.	.			
" 31	" Balance	.	.	.			
	(Net Profit to London Office @ 9d)						40 000

BAIANCE SHEET 31ST JANUARY 19

	LIABILITIES	Dols	Cts		ASSETS	Dols	Cts.
Sundry Creditors	.	8 000	-	Bank	.	11,000	-
London Office (£4,529/3/4 @ 10d)	.	108,700	-	Sundry Debtors	.	40,000	-
				Stores in hand = (£36,500 @ Std 18d)	.	65,700	-
						116 700	-

FOREIGN BOOKS—(contd.)

STORES ACCOUNT										Cr
Dr										
		Rate	Std \$	\$	19		Rate	Std \$	\$	
19 Dec 31	To Balance	9½	31 666	60 000	Jan 31	By Stores Consumed	9	6 000	12 000	
19 Jan 31	To London Office	9	13 334	26 667	31	Capital Expenditure	9	4 000	8 000	
" 31	Sundry Creditors	9	1 500	3 000	31	Balance c/d	10	33 500	65 700	
			46 500	89 667	31	London Office (adjustment)			3 967	
								46 500	89 667	

CAPITAL EXPENDITURE ACCOUNT										Cr			
Dr		Rate	£	s	d	\$	19 Jan 31	By Transfer to London Office	Rate	£	s	d	\$
19 Jan 31	To Stores Account	9	300			8 000				412	10		11 000
" 31	" Wages	9	112	10		3 000				412	10		11 000
			£412	10		11 000				£412	10		11 000

LONDON OFFICE ACCOUNT										Cr			
Dr		Rate	£	s	d	\$	19		Rate	£	s	d	\$
19	To Cash (Remittances)	10½	525	-	-	12 000	Dec 31	By Balance	9½	3 760	8	4	95 000
Jan 31	Cap Expenditure	9	412	10	-	11 000	19						
" 31	Stores (Adjustm t)					3 967	Jan 31	By Stores Account	9	1 000	-	-	26 667
" 31	" Balance c/d	10	4 529	3	4	108 700	31	Revenue Account	9	525	-	-	14 000
							31	Profit on Exchge		181	5	-	
			£5 466	13	4	135 667				£5 466	13	4	135 667

EXERCISE XIV—No 29 (contd)

PAPER BOOKS

Dr.		CONVERSIONS ACCOUNT				Cr.	
19		Dols	Cts.	19		Dols	Cts.
Jan. 31	To Sundry Creditors	3,000	-	Dec 31	By Balance	30,000	-
" 31	" Capital Expenditure	3,000	-	" 31	" Stores Consumed	12,000	-
" 31	" London Office (Remittances)	12,000	-	" 31	" Revenue Account	14,000	-
" 31	" Balance	43,000	-		" (Net Profit transferred to LO)		
		61,000	-			61,000	-

GOLD BOOKS

Dr.		STORES ACCOUNT				Cr.	
19		Dols	Cts.	19		Dols	Cts.
Dec. 31	To Balance	31,666	-	Jan 31	By Conversions Account	8,000	-
" 31	" London Office	13,334	-	" 31	" Capital Expenditure	4,000	-
" 31	" Conversions Account	1,500	-	" 31	" Balance c/d	36,500	-
		46,500	-			46,500	-

Dr.		CAPITAL EXPENDITURE ACCOUNT				Cr.	
19		Dols	Cts.	19		Dols	Cts.
Jan 31	To Stores	4,000	-	Jan 31	By Transfer to London Office	5,500	-
" 31	" Conversions Account (Wages)	1,500	-			5,500	-
		5,500	-				

Dr.		LONDON OFFICE ACCOUNT				Cr.	
19		Dols	Cts.	19		Dols	Cts.
Jan 31	To Conversions (Remittances)	7,000	-	Dec 31	By Balance	90,141	-
" 31	" Capital Expenditure	5,888	-	" 31	By Stores	13,334	-
" 31	" Balance	60,388	-	" 31	" Conversions (Net Profit)	7,000	-
		72,888	-	" 31	" Profit on Exchange	2,413	-
						72,888	-

EXERCISE XIV-- No 29 (cont'd)

GOLD BOOKS--(cont'd)

CONVERSIONS ACCOUNT				Cr	
Dr		Dols	Cts		
19				19	
Dec. 31	To Balance	18 475		Jan 31	By Stores Account
19				31	Cap ital Expenditure
Jan 31	" Stores	6 000		31	" London Offices
" 31	London Office	7 000			(Remittances)
" 31	(Net Profit)			31	Balance as per Paper
" 31	Profit on Exchange	2 413			Books
					(\$43 000 @ 10d)
		33 888			23 888
					33 888

Note—The Balance is arrived at as follows — $\frac{43\ 000 \times 10}{18}$

FINAL BALANCES

PAPER BOOKS

GOLD BOOKS

Dollars		Dollars	
Dr	Cr	Dr	Cr
Bank	11 000	Stores Account	36 500
Debtors	40 000	Conversions Account	23 888
Creditors	8 000	London Office	60 388
Conversions Account	43 000		
	51 000		60 388
	51 000		

EXERCISE XIV—No 30.

JOURNAL OF X, LTD

		£	s	d	£	s	d
(a)	Office Safe Account <i>Dr</i> To Birmingham Branch Account Office Safe purchased for Cash by Birmingham Branch	80	-	-	80	-	-
(b)	Manchester Branch Account <i>Dr</i> To Goods sent to Branches Account Goods supplied (at cost)	47	15	-	47	15	-
(c)	Liverpool Branch Debtors Account <i>Dr</i> To Manchester Branch Debtors Ac count Transfer of Account of A Debtor from Manchester to Liverpool Branch.	29	10	-	29	10	-
(d)	Manchester Branch P and L Ac count <i>Dr</i> To H O Profit and Loss Account Transfer of net profit of Manchester Branch.	1,599	6	8	1,599	6	8
	H O Profit and Loss Account <i>Dr</i> To Liverpool Branch P and L Account Transfer of net loss of Liverpool Branch.	107	3	9	107	3	9

EXERCISE XIV—No 30 (contd)

MANCHESTER BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Liverpool Branch Account <i>Dr</i> To Sundry Debtors Account Transfer of A Debtor's Account to Liverpool Branch Account	29	10	-	29	10	-
(d)	Profit and Loss Account <i>Dr</i> To Head Office Account Transfer of net profit to H O	1 599	6	8	1 599	6	8

LIVERPOOL BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Sundry Debtors Account <i>Dr</i> To Manchester Branch Account Transfer of A Debtor's Account from Manchester Branch	29	10	-	29	10	-
(d)	Head Office Account <i>Dr</i> To Profit and Loss Account Transfer of net loss to H O	107	3	9	107	3	9

EXERCISE XV (A)—No 1

THE EASTWOOD
APPLICATION AND

No of Application	NAME	ADDRESS	Occupation	No of Shares Applied for.	Amount Paid on Application
	Willington, Ernest	33 Rayleigh Street, E.C.		1 000	250

REGISTER OF TRANSFERS

No of Transfer.	Date Transfer Registered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 Mar 6	6	Gee, R.	14 High Street, Burnham	Surveyor	1	Willington, E.
2	Apr 3	1	Willington E	33 Rayleigh Street, E.C.	—		Robinson Peter

(1) REGISTER OF MEMBERS AND

Name	Willington, Ernest	Occupation	—
Address	33 Rayleigh Street, London, E C		—

Dr CASH ACCOUNT					Cr			
Date	Particulars	Fo	Amount Called Up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up.
19 Jan 20	To Application and Allotment		£ 10	£ 250	19 Jan 20	By Cash		£ 250
Feb 20	To Call Account		10	£250	Feb 20	By Cash		£250

EXERCISE XV (A)—No. 2.

A LIM

REGISTER OF MEMBERS AND

Name Smith, John Occupation Cork Merchant
 Address 440 Austin Friars, E.C.

CASH ACCOUNT

Cr.

Dr.	Particulars	Fo.	Amount Called up per Share	Total Amount Called up.	Date.	Particulars	Fo.	Total Amount Paid up
19 Jan. 12	To Application and Allotment		£ 5 -	37 10 -	19 Jan. 12	By Cash		£ 19 10 -
				37 10 -		By Cash		15 10 -
				37 10 -				37 10 -
Mar 10	To First Call		5 -	37 10 -	Mar 10	By Cash		37 10 -

Name Brown, William Occupation Hatter
 Address 486 Bond Street, W.

EXERCISE XV (A)—No. 3

An example of an Annual Return is on page 584 of *Advanced Accounts* See, also
 be submitted with the Annual Return.

EXERCISE XV (A)—No. 4.

THE X Y Z MANU
APPLICATION AND

No. of Application	NAME.	ADDRESS.	Occupation	No. of Shares Applied for	Amount Paid on Applica'n.
1	Roberts, Arthur	10 Finsbury Street, Burton	Wool Merchant	4 000	1 000
2	Richards, Henry P	The Grange, Lymington, Hants	Gentleman	3 000	750
3	Norton, Lucas	114 Princes Street, Sheffield	Iron Manufacturer	5 000	1 250
4	Allerton, Ellen	Park Grove, Finsbury	Spunster	200	50
5	Princeton, Norman	129 Lombard Street, E.C.	Stockbroker	5 000	1 250
6	Lloyd, George L.	178 High Road, Nottingham	Lace Manufacturer	500	125
				17,700	£14 250

ITED CO

SHARE LEDGER (SHARES)

Date entered as a Member

January 12th, 19

Date ceased to be a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE					
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up		
			From	To					From	To			£	s	d
19 Jan 12		150	1	150	£ s d	19 April 13		100	1	100	£ s d	150	£	s	d
												150	37	10	-
												50	25	-	-

Date entered as a Member

April 3rd 19

Date ceased to be a Member

19 April 13		100	1	100	£ s d							100	£	s	d
													50	-	-

the form of Balance Sheet on page 588 of *Advanced Accounts* which form would

FACTURING CO LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Appli cation and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Share Certificate	Remarks	
	From	To								
3 000	1	3 000		£ 1 875	s - d -	£ 875	s - d -	£ 875	s - d -	Letter of Regret No 1
2 000	3 001	5 000		1 250	- -	500	- -	500	- -	
4 000	5 001	9 000		2 500	- -	1 250	- -	1 250	- -	
N 1										
4 000	9 001	13 000		2 500	- -	1 250	- -	50	- -	
500	13 001	13 500		312	10 -	87	10 -	87	10 -	
13 500				£8 437	10 -	£3 962	10 -	£3 962	10 -	
								£50	- -	

THE PNEUMATIC

REGISTER OF MEMBERS AND

Name	Esley, Robert	Occupation	Merchant
Address	115 Walkley Road Thornheath		

Dr.		CASH ACCOUNT						Cr				
Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Mar	To Application and Allotment	7	6	-	157	10	-	19. Feb 23	By Cash	12	10	-
					157	10	-	Mar 10	" Cash	179	-	-
					£157	10	-			£157	10	-
May 1	To First Call	3	-	-	125	-	-	May 15	By Cash	125	-	-
Aug 31	" Second Call	2	6	-	75	-	-	Sept 15	" Cash	75	-	-
Oct 15	" Final Call	3	-	-	130	-	-	Oct. 20	" Cash	130	-	-

(2) Name	King, Thomas	Occupation	Surveyor
Address	14 The Lanes, Farnham		

19		£	s	d.	19		£	s	d.
Mar 1	To Application and Allotment	7	9	187	10	Feb 23	By Cash	62	10
					Mar. 10	" Cash		125	-
				£187	10			£187	10
May 1	To First Call	5	-	£125	-	May 15	By Cash	£125	-
Aug 31	Second Call	2	6	£50	-	Sept 15	" Cash	£50	-
Oct 15	Final Call	5	-	£100	-	Oct. 25	" Cash	£100	-

(3) Name	Tinton, John	Occupation	Merchant
Address	115 Lane Street, Halifax	.	.

19 Oct 15	To Final Call	£	s	d	£	s	d	19 Oct 25	By Cash	£	s	d
			5	-	20					20		

(4) Name	<i>Brown Philip</i>	Occupation	<i>Engineer</i>
Address	<i>9 Lupus Street, Benfield</i>		

[illegible]

TYRE CO., LTD

SHARE LEDGER (ORDINARY SHARES)

(1)

Date entered as a Member

March 1st 19

Date ceased as a Member

December 2nd 19

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Mar	1	500	721	1 220	£ s d						£ s d	500	187 10
July	1	100	401	500	62 10							500	312 10
												600	375
												600	450
												520	390
						19 Oct	12	80	801	880	60	520	520
						Dec	12	100	401	500	100	420	420
								80	721	800	80	340	340
								340	881	1 220	340	Nil	Nil

Date entered as a Member

March 1st 19

(2)

Date ceased as a Member

19 Mar	1	500	1	500	£ s d	19					£ s d	500	187 10
												500	312 10
						July	1	100	401	500	62 10	400	250
												400	300
												400	400

Date entered as a Member

October 12th 19

(3)

Date ceased as a Member

19 Oct	12	80	801	880	£ s d							80	£ 60
												80	80

Date entered as a Member

December 2nd 19

(4)

Date ceased as a Member

19 Dec.	2	100	401	500	£ s d							520	£ 520
"	2	80	721	800	100								
"	2	340	881	1 220	340								

EXERCISE XV (A)—No. 6.

THE PNEUMATIC
REGISTER OF TRANSFERS

No of Transfer	Date Transfer Registered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 July 1	2	KING, THOS.	14 The Lanes, Farnham	Surveyor	1	Essley, Robert
2	Oct. 12	1	Essley, Robert	115 Walkley Road, Thorn heath	Merchant	3	Trotter, John
3	Dec. 2	1	Essley, Robert	115 Walkley Road, Thorn heath	Do.	4	Brown, Philip

EXERCISE XV (A)—No. 7.

CALL BOOK
First Call of 5s per share made

S L Fo	NAME	ADDRESS	No of Shares Held	Amount Due		
	Lake R T	16 Bradford Road Leeds	2,000	£	s	d
	Brown, A F	19 Rufus Street, Bradford	1	500	—	—
	Cassell F	176 Park Road Finsbury, N W.	1		5	—
	Neller, T O	127 Brownley Road Hampstead	1		5	—
	Locksley, N P	125 Coldthorpe Avenue, Brixton, S W	1		5	—
	Chalmers, E	17 Buller Street Nottingham	1		5	—
	Bullen, F T	12 Lake Street, Bexley	2,495	623	13	—
	Silverlock, J P	Clere Park, Winthorpe	5 500	1,375	—	—
			10 000	£2 500	—	—

TYRE CO LTD

FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED					No of New Certificates	Remarks.
ADDRESS	Occupation	No of Shares	Distinct ve Numbers		Amount Paid up			
			From.	To				
115 Walkley Road Thorn heath	Merchant	100	401	500	£ 62 10 -	101		
115 Lame Street Hal fax	Do	80	801	890	60 - -	102		
9 Lupus Street Benfield	Engineer	100	401	500	100	- }	103	
		80	721	800	80			
		340	831	1 220	340 -			

(ORDINARY SHARES)

May 5th and payable by May 20th

Amount Paid			ARREARS			Calls, Paid in Advance	Remarks
			Amount	Days	Interest		
£ 300	s	d	£ 200	s	d		Paid June 20th
	5	-					
	5	-					
	5	-					
	5	-					
323	15	-	300	-			Paid June 20th
1 375				31	1 5 6		
£2 000	-	-	£500	-	£2 2 6		

EXERCISE XV (A)—No. 8

DEBENTURE APPLICATION

No. of Application.	Date of Application.	NAME.	ADDRESS.	Occupation.	No. of Dets. Applied for	Amount Paid on Application.
1	19 Mar.	2 Adams, R. E.	61 Canaby Street, Birmingham	Baker	30	£ 1,200
2	"	3 Brady, A.	17 Seaford Road, Liverpool	Surveyor	10	400
3	"	4 Cooper, W. S.	21 Regent Street, Leeds	Butcher	6	240
4	"	5 Dawson, C. T.	44 Windsor Road, Manchester	Architect	10	400
5	"	6 Ellis, H.	21 Crofton Street, Warwick	Solitor	6	240
6	"	7 Forster, P. O.	12 Penton Road, Nottingham	Artist	6	240
7	"	8 Goodwin, E.	70 Percy Street, Reading	Journalist	10	400
8	"	9 Howard, C. E.	25 Burnaby Gardens, Winchester	Spruster	25	1,000
9	"	10 Irving, W.	112 Brockley Road, Southampton	Engineer	10	400
10	"	11 Jeffries, T. D.	29 Granville Street, London, W.	Merchant	5	200
11	"	12 Lockwood, M.	108 Westbourne Grove, Windsor	Barrister	5	200
12	"	" Taylor, L. F.	78 Stewart Road, London, W.	Gentleman	20	800
					143	(5,720)

DEBENTURE HOL

Date.	Receipts.	For	Amount	Date	Payments.	For	Amount
19 Mar.	To Application A/c—		£ s. d.	19 Mar.	By Application A/c—		£ s. d.
2	Adams, R. E.		1,200 - -	10	Cooper, W. S.		240 - -
3	Brady, A.		400 - -	"	Jeffries, T. D.		200 - -
4	Cooper, W. S.		240 - -	"	Transfer to General Cash Book		5,280 - -
5	Dawson, C. T.		400 - -				
6	Ellis, H.		240 - -				
7	Forster, P. O.		240 - -				
8	Goodwin, E.		400 - -				
9	Howard, C. E.		1,000 - -				
10	Irving, W.		400 - -				
11	Jeffries, T. D.		200 - -				
12	Lockwood, M.		200 - -				
"	Taylor, L. F.		800 - -				
			(5,720)				(5,720)

EXERCISE XV (A)—No. 9.

REGISTER OF TRANSFERS

No. of Transfer.	Date Transfer Registered	TRANSFEROR				Deb. Fo.	NAME.
		Deb. Fo.	NAME.	ADDRESS.	Occupation.		
101	19 May		Adams, R. E.	61 Canaby Street, Birmingham	Baker		Dawson, C. T.
102	June 10		Howard, C. E.	25 Burnaby Gardens, Winchester	Spruster		Ellis, H.
103	" 15		Taylor, L. F.	78 Stewart Road, London, W.	Gentleman		Forster, P. O.
104	" 25		Howard, C. E.	25 Burnaby Gardens, Winchester	Spruster		Ellis, H.
105	July 9		Adams, R. E.	61 Canaby St., Birmingham	Baker		Burnaby, James
106	Aug. 22		Taylor, L. F.	78 Stewart Road, London, W.	Gentleman		Armstrong Roper

AND ALLOTMENTS BOOK

No of Debs Allotted	Distinctive Numbers		Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d	
20	1	20		2 000	-	-	800	-	-	600	-	-				Letter of Regret No 5
10	21	30		1 000	-	-	600	-	-	600	-	-				
nil													240	-	-	
5	31	35		500	-	-	100	-	-	100	-	-				
5	36	40		500	-	-	200	-	-	200	-	-				
5	41	45		500	-	-	250	-	-	250	-	-				Letter of Regret No 6
10	46	55		1 000	-	-	600	-	-	600	-	-				
20	56	75		2 000	-	-	1 000	-	-	1 000	-	-				
5	76	80		500	-	-	100	-	-	100	-	-				
nil													200	-	-	
5	81	85		500	-	-	300	-	-	300	-	-				
15	86	100		1 500	-	-	700	-	-	700	-	-				
100				£10 000	-	-	£4 720	-	-	£4 720	-	-	£440	-	-	

DERS' CASH BOOK

Date	Receipts	Fo	Amount			Date	Payments	Fo	Amount		
19 Mar 10 to Mar 20	To Allotment A/c— Brady A Adams R E Dawson C T Ellis H Forster P O Goodwin E Howard C E Irving W Lockwood M Taylor L F		£	s	d	19 Mar 20	By Transfer to Gen- eral Cash Book		£	s	d
			600	-	-				4 720	-	-
			800	-	-						
			600	-	-						
			250	-	-						
			250	-	-						
			100	-	-						
			1 000	-	-						
			100	-	-						
			300	-	-						
			700	-	-						
			£4 720	-	-				£1 720	-	-

FLRS (DEBENTURES)

TRANSFERREES		DEBENTURES TRANSFERRED					Remarks	
ADDRESS	Occupation	No of Debs	Distinctive Numbers		Amount Paid up			
			From	To				
14 Windsor Road Manchester	Architect	5	1	5	£	s	d	
21 Crofton Street Warwick	Solicitor	5	56	60	500	-	-	
12 Penton Road Northwich	Artist	5	86	90	500	-	-	
21 Crofton Road Warwick	Solicitor	5	61	65	500	-	-	
112 Leman St Northampton	Merchant	5	6	10	500	-	-	
95 Bromley Road Newcastle	Engineer	5	91	95	500	-	-	

EXERCISE XV (A)—No. 12 (contd.)

Dr.		INTEREST ACCOUNT				Cr		
				19	June 2	By B	£	s. d.
							5	-

EXERCISE XV (A)—No. 13.

Dr		ORDINARY BUSINESS ACCOUNT				Cr		
19	To G 40% of £2,000 " H 30% of £2,000 " J 30% of £2,000	£	s.	d.	19	By Profit and Loss A/c	£	s. d.
		800	-	-			2,000	- -
		600	-	-				
		600	-	-				
		£2,000	-	-			£2,000	- -

Dr		VENTURE No. 1				Cr		
19	To G 1/3 of £600 " J 1/3 of £600 " H 40% of £1,000	£	s.	d.	19	By Profit and Loss A/c Net Profit	£	s. d.
		342	17	2			1,000	- -
		257	2	10				
		400	-	-				
		£1,000	-	-			£1,000	- -

Dr		VENTURE No. 2				Cr		
19	To Profit and Loss A/c " Net Loss	£	s.	d.	19	By H 45% of £500 " G 1/3 of £275 " J 1/3 of £275	£	s. d.
		500	-	-			225	- -
							157	2 10
							117	17 2
		£500	-	-			£500	- -

Dr		G's CAPITAL ACCOUNT				Cr		
19	To Venture No. 2 " Balance c/d	£	s.	d.	19	By Ordinary Bus. A/c " Venture No. 1	£	s. d.
		157	2 10				800	- -
		583	14	4			342	17 2
		£1,142	17	2			£1,142	17 2

EXERCISE XV (A)—No 13 (contd)

Dr		H S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 225 775	s — —	d — —	19	By Ordinary Bus A/c Venture No 1	£ 600 400	s — —	d — —
		£1 000					£1 000		

Dr		J S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 117 739	s 17 0	d 2 8	19	By Ordinary Bus A/c Venture No 1	£ 600 257	s — 2	d — 10
		£857	2	10			£857	2	10

EXERCISE XV (A)—No 14

GENERAL LEDGER

Dr		SALES LEDGER ADJUSTMENT ACCOUNT				Cr			
1932 April 1 1932 to April 1 1933 Mar 31	To Balance To Credit Sales Interest charged To Bills Receivable (dishonoured) Petty Cash Balance c/d	£ 20 196 132 823 71 150 47 50	s 2 — 5 — 8 9	d 5 11 — — 6 6	1932 April 1 to 1933 Mar 31	By Cash Discount Bills Receivable Returns Inward Bad Debts Sundry Creditors Balance c/d	£ 90 987 2 080 22 800 4 875 2,209 78 30 305	s 19 10 — 16 1 8 17	d 4 9 — 6 2 11 8
		£153 338	0	4			£153 338	6	4
1933 April 1	To Balance b/d	£30 305	17	8	1933 April 1	By Balance b/d	50	9	6

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT						Cr	
1932 April 1 to 1933 Mar 31	To Cash Discount Petty Cash Returns Outwards Bills Payable Sundry Debtors Balance c/d	£ 71 556 1 226 39 5,203 23 850 79 11 571	s 17 1 6 17 8 19	d 10 3 7 — 11 1	1932 April 1 to 1933 Mar 31	By Balance Purchases	£ 12,375 101 150	s 18 7	d 6 9
		£113 556	6	3			£113 556	6	3
					1933 April 1	By Balance	b/d	11 571	19

EXERCISE XV (A)—No. 15

See Section 24 of Partnership Act set out on pages 377 and 378 of *Advanced Accounts*

In applying the above to the case under review, the £3,000 must first be reduced by 5 per cent of £2,000 (for 6 months), being interest due to A's Loan. The remaining profit must then be divided equally between A and B, i.e. A and B will each receive £1,475

The agreement between A and B that B should be paid a salary of £500 would mean that the salary would be a further reduction of Net profit by that amount, hence A and B in the new circumstances would each receive £1,225

EXERCISE XV (A)—No. 16

JOURNAL OF A, B AND C

1938			£	s	d	£	s	d
Jan 1	Land and Buildings	Dr	1,200	-	-			
	Capital Accounts—							
	A ($\frac{2}{3}$ of £590)		354	-	-			
	B ($\frac{1}{3}$ of £590)		236	-	-			
	To Bad Debts Reserve					390	-	-
	(5 per cent of £7,800)							
	„ Plant and Machinery					320	-	-
	„ Stock					780	-	-
	„ Patents					300	-	-
			£1,790	-	-	£1,790	-	-
Jan 1	Goodwill Account	Dr	8,000	-	-			
	To A's Capital $\frac{3}{4}$ of £8,000					2,880	-	-
	„ B's „ $\frac{1}{4}$ of £8,000					1,920	-	-
	„ C's „ $\frac{1}{2}$ of £8,000					3,200	-	-
			£9,790	-	-	£9,790	-	-
Jan 1	Bank Account	Dr	8,200	-	-			
	To C's Capital					5,000	-	-
	„ A's „ ($\frac{2}{3}$ of £3,200)					2,400	-	-
	„ B's „ ($\frac{1}{3}$ of £3,200)					800	-	-
Jan 1	A's Capital ($\frac{2}{3}$ of £3,200)		2,400	-	-			
	B's „ ($\frac{1}{3}$ of £3,200)		800	-	-			
	To Bank					3,200	-	-
			£21,190	-	-	£21,190	-	-

KEY TO ADVANCED ACCOUNTS

EXERCISE XV (A)—No 16 (contd)

(Alternative Solution)

JOURNAL

		£	s	d	£	s	d
Jan 1	Land and Buildings	1 200					
	To Re valuation Account				1 200		
	Agreed increase in book value of land and buildings						
	Re valuation Account	1 790					
	To Plant and Machinery				320		
	Stock				780		
	Patents				300		
	Reserve for Bad Debts				390		
	Agreed reduction in book values of assets and reserve for bad debts						
	A Capital Account	304					
	B Capital Account	236					
	To Re valuation Account				590		
	Division of loss on re valuation						
	Goodwill	8 000					
	To A Capital Account				2 880		
	B Capital Account				1 920		
	C Capital Account				3 200		
	Introduction into books of value of Goodwill divided in ratio to division of profits as agreed						
	Bank	8 200					
	To C Capital Account				5 000		
	A Capital Account				2 400		
	B Capital Account				800		
	Cash brought in credited to respective partners as agreed i.e. £5000 to C and remainder to A and B in ratios of 3 : 1						
		£19 780			£19 780		

EXERCISE XV (B)—No 1

JOURNAL

	£	s	d	£	s	d
Ordinary Shareholders To Ordinary Share Capital 200 000 shares of £1 each	200 000	-	-	200 000	-	-
Debenture Holders To Debentures 800 bonds of £100 each	80 000	-	-	80 000	-	-
	£280 000	-	-	£280 000	-	-

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
19	To Ordinary Shareholders Debenture Holders	200 000 80 000	-	-
		£280 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000	-	-
Debentures				80 000	-	-
Cash at Bank	280 000	-	-			
	£280 000	-	-	£280 000	-	-

EXERCISE XV (B)—No. 1 (contd.)

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d.	PROPERTY AND ASSETS	£	s	d.
<i>Ordinary Share Capital—</i>				<i>Cash at Bank.</i>	225,000	—	—
200,000 Shares of £1 each	200,000	—	—				
<i>Debentures—</i>							
800 Bonds of £100 each.	80,000	—	—				
	£280,000	—	—		£280,000	—	—

EXERCISE XV (B)—No. 2.

JOURNAL

19..		£	s	d.	£	s	d.
	Preference Shareholders	225,000	—	—			
	To Preference Share Capital				200,000	—	—
	200,000 shares of £1 each						
	To Premium on Shares Account				25,000	—	—
	2s 6d per share on 200,000 shares						
	Debenture Holders	84,000	—	—			
	To Debentures				80,000	—	—
	£80,000 issue of debentures						
	To Debenture Premium A/c				4,000	—	—
	5% of £80,000.						
		£309,000	—	—	£309,000	—	—

CASH BOOK

(DEBIT SIDE)

		Bank.	£	s	d.
19..	To Preference Shareholders		225,000	—	—
	" Debenture Holders		84,000	—	—
			£309,000	—	—

EXERCISE XV (B)—No 2 (*contd*)

TRIAL BALANCE

	£	s	d	£	s	d
Preference Share Capital				200 000	—	—
Premium on Shares				25 000	—	—
Debentures				80 000	—	—
Debenture Premium				4 000	—	—
Cash at Bank	309 000	—	—			
	£309 000	—	—	£309 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
<i>Preference Share Capital—</i>				Cash at Bank	309 000	—	—
200 000 Shares of £1 each	200 000	—	—				
Share Premium Account	25 000	—	—				
Debentures	80 000	—	—				
Premium on Debentures A/c	4 000	—	—				
	£309 000	—	—		£309 000	—	—

EXERCISE XV (B)—No 3

JOURNAL

19		£	s	d	£	s	d
	Debenture Holders	76 000	—	—			
	Debenture Discount	4 000	—	—			
	To Debentures				80 000	—	—
	For issue of £80 000 debentures						
	in bonds of £100 each @ £95						
	per bond						
		£80 000	—	—	£80 000	—	—

EXERCISE XV (B)—No. 3 (contd.)

CASH BOOK
(DEBIT SIDE)

19..	To Debenture Holders	£	s	d
		76 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80,000	-	-
Debenture Discount	4 000	-	-			
Cash at Bank	76 000	-	-			
	£80,000	-	-	£80,000	-	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures— 800 Bonds of £100 each	80 000	-	-	Cash at Bank	76 000	-	-
	£80 000	-	-	Debenture Discount	4 000	-	-
					£80 000	-	-

EXERCISE XV (B)—No. 4

JOURNAL

19	Application A/c (Ordinary Shares). To Ordinary Share Capital 2/6 per share on 200 000 shares	£	s	d	£	s	d
		25,000	-	-	25,000	-	-
	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 7/6 per share on 200 000 shares	75,000	-	-	75,000	-	-
	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200,000 shares	50,000	-	-	50,000	-	-
	Final Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200 000 shares	50,000	-	-	50,000	-	-
		£200 000	-	-	£200 000	-	-

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Application Account (Ordinary Shares)	25 000		—
	Allotment Account (Ordinary Shares)	75 000		—
	First Call Account (Ordinary Shares)	50 000		—
	Final Call Account (Ordinary Shares)	50 000		—
		£200 000		—

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000		—
Cash at Bank	200 000		—			—
	£200 000		—	£200 000		—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Ordinary Share Capital— 200 000 shares of £1 each	200 000			Cash at Bank	200 000		
	£200 000				£200 000		

EXERCISE XV (B)—No 5

JOURNAL

19		£	s	d	£	s	d
	Application A/c (Preference Shares)	75 000		—			
	To Preference Share Capital				50 000		—
	2/- per share on 200 000 shares						
	To Share Premium A/c				25 000		—
	2/6 per share on 200 000 shares						
	Allotment A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	2/- per share on 200 000 shares						
	First Call A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	5/- per share on 200 000 shares						
	Final Call A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	2/- per share on 200 000 shares						
		£225 000		—	£225 000		—

EXERCISE XV (B)—No. 6 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
19	To Application Account (Debentures)	16 000	—	—
	„ Allotment Account (Debentures)	24 000	—	—
	„ Call Account (Debentures)	40 000	—	—
		£80 000	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	—	—
Cash at Bank	80 000	—	—			
	£80 000	—	—	£80 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures— 500 Bonds of £100 each	80 000	—	—	Cash at Bank	80 000	—	—
	£80 000	—	—		£80 000	—	—

EXERCISE XV (B)—No. 7

JOURNAL

		£	s	d	£	s	d
19	Application Account (Debentures)	16 000	—	—			
	To Debentures				8 000	—	—
	10% of £80 000						
	To Debenture Premium A/c				8 000	—	—
	10% of £80 000						
	Allotment Account (Debentures)	72 000	—	—			
	To Debentures				72 000	—	—
	90% of £80 000						
		£83 000	—	—	£83 000	—	—

EXERCISE XV (B)—No. 7 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank.		
		£	s	d
19..	To Application Account (Debentures)	16 000	-	-
	„ Allotment Account (Debentures)	72 000	-	-
		£88 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	-	-
Debenture Premium				8 000	-	-
Cash at Bank	88 000	-	-			
	£88 000	-	-	£88 000	-	-

BALANCE SHEET

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Debentures—	£	s	d	Cash at Bank	£	s	d
800 Bonds of £100 each	80 000	-	-		88 000	-	-
Debenture Premium Account	8 000	-	-				
	£88 000	-	-		£88 000	-	-

EXERCISE XV (B)—No. 8

JOURNAL

	£	s	d	£	s	d
19						
Application Account (Debentures)	16 000	-	-	16 000	-	-
To Debentures						
£20 per bond on 800 bonds of £100 each						
Debenture Discount Account	8 000	-	-	8 000	-	-
To Debentures						
10% of £80 000						
Allotment Account (Debentures)	56 000	-	-	56 000	-	-
To Debentures						
Balance of amount due, i.e. £72 000						
- £16 000						
	£80 000	-	-	£80 000	-	-

EXERCISE XV (B)—No 8 (contd)

CASH BOOK

19		£	s	d
	To Application Account (Debentures)	16 000	-	-
	Allotment Account (Debentures)	56 000	-	-
		72 000		

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	-	-
Debenture Discount	8 000					
Cash at Bank	72 000					
	80 000			80 000		

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures—				Cash at Bank	72 000		
800 Bonds of £100 each	80 000			Debenture Discount	8 000		
	80 000				80 000		

EXERCISE XV (B)—No 9

JOURNAL

19		£	s	d	£	s	d
	Application Account	25 000	-	-			
	To Share Capital Account				25 000	-	-
	2/6 per share on 700 000 shares						
	Application Account	1 875	-	-			
	To Allotment Account				1 875	-	-
	Transfer of 2/6 per share on 15 000						
	oversubscribed on application						
	Allotment Account	50 000	-	-			
	To Share Capital Account				50 000	-	-
	5/- per share on 700 000 shares						
		76 875	-	-	76 875	-	-

Dr

CASH BOOK

Cr

	£	s	d		£	s	d
To Application Account	25 000			By Application Account	1 875		
(250 000 2/6s)				(15 000 * 6s returned			
- Allotment Account	48 125			to successful applicants)			
(£50 000 less £1,875)				- Balance c/d	75 000		
	76 875				76 875		

EXERCISE XV (B)—No 10.

JOURNAL

19..		£	s	d	£	s	d
	Application Account	25,000	-	-	25,000	-	-
	To Share Capital Account 2/6 per share on 200,000 shares						
	Allotment Account	25,000	-	-	25,000	-	-
	To Share Capital Account 2/6 per share on 200 000 shares						
	Call Account	50,000	-	-	50,000	-	-
	To Share Capital Account 5/- per share on 200,000 shares						
		£100 000	-	-	£100,000	-	-

CASH BOOK
(DEBIT SIDE)

19.		£	s	d
	To Application Account	25 000	-	-
	.. Allotment Account	25 000	-	-
	.. Call Account	50,037	10	-
	(£50 000 + (£100 paid in advance, less £62/10/- in arrears))			
		£100 037	10	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital 250 000 Shares of £1 each	250,000						Cash at Bank				100 037	10	-
Issued Capital 200 000 Shares of £1 (10/- called)	100,000												
Add Calls in Advance	100												
Less Calls in Arrears	100,100												
	62 10												
				100 037	10	-					100 037	10	-
				£100,037	10	-					£100 037	10	-

EXERCISE XV (B)—No 11

JOURNAL

		£	s	d	£	s	d
19 June 30	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 100 000 shares To Premium on Shares A/c 5/- per share on 100 000 shares	50 000	-	-	25 000	-	-
					25 000	-	-
July 15	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 15/- per share on 100 000 shares	75 000	-	-	75 000	-	-
		£125 000	-	-	£125 000	-	-

EXERCISE XV (B)—No 12

THE BLARNEYSTONE DIAMOND SYNDICATE LTD

JOURNAL

		£	s	d	£	s	d
19 Jan 2	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 2	Application A/c (Preference Shares) To Preference Share Capital 5/- per share on 8 000 shares	2 000	-	-	2 000	-	-
Feb 1	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 10/- per share on 20 000 shares	10 000	-	-	10 000	-	-
" 1	Allotment A/c (Preference Shares) To Preference Share Capital 10/- per share on 8 000 shares	4 000	-	-	4 000	-	-
Mar 1	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 1	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 8 000 shares	16 000	-	-	16 000	-	-
		£42 000	-	-	£42 000	-	-

EXERCISE XV (B)—No. 12 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank	
		£	s d
19			
Jan	2	To Application Account (Ordinary Shares)	5,000
"	2	Application Account (Preference Shares)	2,000
Feb	1	Alotment Account (Ordinary Shares)	8,000
"	1	Alotment Account (Preference Shares)	3 500
Mar	1	First Call Account (Ordinary Shares)	3 200
"	1	First Call Account (Preference Shares)	13,000
		£34 700	

The amounts unpaid were as follows—

Ordinary Shares, £3,800

Preference Shares, £3,500

EXERCISE XV (B)—No. 13.

BALANCE SHEET OF THE BOSCOMBE MANUFACTURING CO. LTD

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
Nominal Capital—		Machinery and Plant	
20 000 5% Preference Shares of £1 each	20 000	Less Depreciation	8,700
20,000 Ordinary shares of £1 each	20 000	Stock in trade	572
	£ 40 000	Sundry Debtors	8 188
		Less Bad Debts Reserve	7,430
Issued Capital—		Cash at Bank	6 500
20 000 5% Preference Shares fully called	20 000	Goodwill	500
Less Calls in Arrear	10	Insurance Unexpired	6 060
19 990 Ordinary Shares, 15s called	13 500		8 134
Less Calls in Arrear	5		12 000
General Reserve A/c	13 490		146
Sundry Creditors	3 600		
Profit and Loss Appropriation A/c—	2 473		
Balance 1st January	209		
Current Year's Profit	2 791		
	£ 41,908		£ 41 908

EXERCISE XV (B)—No. 14

The student should compare his own effort with the model set of Final Accounts on the following two pages. That is the answer to No. 15, but will serve equally well for the two questions

W PEARSON & CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 Cr

Dr	£	£ s d	£ s d	By Sales Stock 31st Dec	£	£ s d	£ s d	Cr
To Stock 1st Jan			8 800				62 850	
Purchases			41 800				6 820	
Carriage and Cartage			395					
Manufacturing Wages			12 450					
Balance Gross Profit c/d			6 225					
			£69 670			£69 670		
To Salaries			1 230		By Trading Account		6 225	
Rates and Taxes			111		Discount		48	
Insurance			98					
Trade Expenses			382					
Repairs			174					
Office Expenses			124					
Debenture Interest			225					
Bad Debts			191					
Bad Debts Res (5% of £3 640)			182					
Depreciation Account— Plant and Machinery (10% of £8 000)			800					
Balance Net Profit c/d			2 956					
			£6 273			£6 273		

APPROPRIATION ACCOUNT

Dr	£	£ s d	£ s d	By Profit and Loss Account	£	£ s d	£ s d	Cr
To Reserve Fund			1 000				2 956	
Balance to Balance Sheet			1 956					
			£2 956			£2 956		

EXERCISE XV (B).—No. 15 (contd.)

WILLIAM PEARSON & CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES	£		s		£	s		£	s		£	s	
	£	s	£	s		£	s		£	s		£	s
Nominal Capital— 50,000 Shares of £1 each	50,000	—	—	—	—	—	—	—	8,000	—	—	11,500	—
Issued Capital— 30,000 Shares of £1 each, 10/- called Less Calls in Arrears	15,000 150	—	—	—	—	—	—	—	800	—	—	5,400 6,820	—
Mortgage L. ventures— 45 5% Bonds of £100 each Reserve Fund	4,000 1,000	—	—	—	14,850	—	—	—	3,640 182	—	—	3,458	—
Add Transfer from Profit and Loss	—	—	—	—	—	—	—	—	1,150 190	—	—	1,340	—
Sundry Creditors Unpaid Dividends	—	—	—	—	5,000 1,960 252	—	—	—	—	—	—	—	—
Profit and Loss Account— Balance available for distribution	—	—	—	—	1,953	—	—	—	—	—	—	28,518	—
					£28,518	—	—	—				£28,518	—

EXERCISE XV (B)—No 16

MISERS P PINK AND B BROWN

MISSRS F FINK AND S BROWN
ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Ct

	£	s	d	£	s	d
To Stock 1st Jan	37	06	0	1	88	0
Purchases	290			30	94	0
Less Returns Outward				292		
- Cartilage Inwards				\$ 171		
Balance Gross Profit c/d				44	83	
				£		
To Rent (including Quarter owing)				300		
Sale of Carriage Out				630		
Adverts seen in (1 of 500 W O)				56		
Rates (less £20 unexp red)				400		
National Insurance Co				144		
Insurance (less £21 unexp red)				27		
Telephone				41		
General Expenses £ 107 3 oct fees £117				26		
Repairs to Bank Churn & Ld				314		
Electricity				27		
Dad Debts				8		
Interest on Loan at 6% p Annum				67		
Bank of India	180					
Brought forward	80			260		
				42		
By Balance of Old Year 1 re/s 1/340						
Balance of New Year 1 re/s 1/340						
Total	200			3012		
By Down	100			£5564		

[illegible]

EXERCISE XV (B)—No. 16 (cont'd)

MESSRS P PINK AND B. BROWN

BALANCE SHEET AS AT 31st DECEMBER 19..

[illegible]

EXERCISE XV (B) — No 17 (contd.)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

[illegible]

APPROPRIATION ACCOUNT

	£	s	d	£	s	d
To Remuneration to Mang Director (10% of £18 261/10/-)			3			-
Reserve Fund		2	500		750	-
" Balance to Balance Sheet		14	685		18 261	10
	£	19	011	£	19 011	10

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (B)---No. 18.

THE BROWN BOX CO., LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19									
	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan				1929	14	7			
" Purchures	4,129	16	8						
" Less Returns Outward	94	12	4						
" Carriage				4,035	4	4			
" Manufacturing Wages				452	4	8			
" Balance, Gross Profit c/d				2,014	1	9			
				3,346	3	3			
				11,745	8	7			
To Rates and Taxes	87	14	1						
" Less Amount unexpended	17	8	2						
" Trade Expenses				70	5	11			
" Lighting and Heating Expenses				29	1	1			
" General Expenses				72	2	6			
" Salaries				127	16	10			
" Insurance				505	14	8			
" Less Amount unexpended	30	1	2						
" Directors' Fees				39	13	8			
" Bank Charges				50	-	-			
" Bad Debts, Reserves (addition thereto)				10	2	1			
" Depreciations—				211	5	4			
Furniture and Fixtures (5% of £846/8/10)	47	5	4						
Plant and Machinery (10% of £1,222/10/12)	122	15	-						
Land and Buildings (2½% of £3,700)	92	10							
" Balance, Net Profit c/d				312	12	4			
				1,928	11	10			
				£3,337	5	3			

THE BROWN BOX CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		£		s	d	£		s	d	£		s	d
<i>Nominal Capital—</i>													
5 000 6% Preference Shares of £1 each	£1	5 000		—								3 607 10	
5 000 Ordinary Shares of £1 each	£1	5 000		—								—	
	£	10 000		—								1 554 15	
<i>Issued Capital—</i>													
3 000 6% Preference Shares of £1 fully paid	£1	3 000		—								899	
4 800 Ordinary Shares of £1 fully paid	£1	4 800		—								1 721 17	
Sundry Creditors												3 364 17	
<i>Profit and Loss Account—</i>													
Balance available for distribution												885 7 8	

THE HIGBURN MANUFACTURING CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19 . Cr

	£	s	d	£	s	d	£	s	d
To Stock, 1st July				6 537	-	-	46 728	-	-
" Purchases	22 448	-	-				1 174	-	-
" Less Returns Outwards	1 748	-	-					-	-
" Wages				20 703	-	-		-	-
" Balance, Gross Profit c/d				13 632	-	-		-	-
				11 582	-	-		-	-
				£ 52 454	-	-		-	-
To General Trade Charges				1 014	-	-		-	-
" Salaries				2 042	-	-		-	-
" Travelling Expenses				754	-	-		-	-
" Advertising				670	-	-		-	-
" Rents Rates Taxes and Insuree	858	-	-					-	-
" Less Insurance paid in advance	96	-	-					-	-
				762	-	-		-	-
" Discount				314	-	-		-	-
" Bank Interest and Commission				114	-	-		-	-
" Bad Debts				249	-	-		-	-
" Debenture Interest				214	-	-		-	-
" Bad Debts Reserve	912	-	-					-	-
" (7½% of £12 160)								-	-
" Less Old Reserve	760	-	-					-	-
				152	-	-		-	-
" Depreciation—								-	-
Fixtures and Fittings	375	-	-					-	-
(10% of £3 750)								-	-
Machinery and Plant	1 875	-	-					-	-
(10% of £18 750)				2,250	-	-		-	-
" Balance, Net Profit c/d				2,843	-	-		-	-
				£ 11 582	-	-		-	-
								£ 11 582	-
									-

EXERCISE XV (B).—No. 20 (contd.)

THE HIGBURN MANUFACTURING CO. LTD

BALANCE SHEET AS AT 30TH JUNE 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Notes and Capital—</i>							Premises	18 750	—	—	12 450	—	—
40 000 Ordinary Shares of £1 each	40 000	—	—				Machinery and Plant <i>Less Depreciation</i>	1 878	—	—	16 875	—	—
<i>Issued Capital—</i>							Fixtures and Fittings <i>Less Depreciation</i>	3 750	—	—			
40 000 Ordinary Shares of £1 each 15% called up	30 000	—	—					375	—	—	3 375	—	—
<i>Less Calls in Arrears</i>	205	—	—				Stock				6 900	—	—
<i>Unpaid Calls—</i>							Sundry Debtors <i>Less Bad Debts Reserve</i>	12 160	—	—			
50 000 Bonds				29 795				912	—	—	11 248	—	—
Reserve Fund				5 000			Cash at Bank in hand	1 427	—	—			
Sundry Creditors				7 728			Insurance prepaid	43	—	—	1 470	—	—
<i>Profit and Loss Account—</i>											98	—	—
Balance available for distribution				4 891									
				52 414							52 414	—	—

EXERCISE XV (B)—No. 20 (cont'd)

THE HIGHBURN MANUFACTURING CO., LTD

APPROPRIATION ACCOUNT[illegible]

446 EXERCISE XV (B)—No 21

THE NORTH LONDON ENGINEERING CO., LTD

THE NORTH LONDON FREE PRESS
 TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

EXERCISE XV (B)—No 21 (cont'd)

THE NORTH LONDON ENGINEERING CO. LTD

Dr	Profit and Loss Account for the year ended 31st December 1907	£	s	d	By Trading Account b/d	£	s	d
To Salaries						11	366	-
Rates Taxes and Insurance						374	-	-
Trade Expenses								
Repairs								
Mortgage Redenture Interest		180	-	-				
Add Amount due for 1 year		180	-	-				
Auditor's Fee						360		
Interest Payable and Bank Chgs						75	-	-
Bad Debts						138	-	-
Bad Debts Reserve		362				578		
(5% of £7240)								
Less Old Reserve		321	-	-		11		
Depreciation —								
Patents (20% of £900)		180	-	-				
Print and Machinery		124	-	-				
(10% of £12480)								
Balance Net Profit c/d						1428	-	-
						5507		
						11740		

APPROPRIATION ACCOUNT

	£	s	d	£	s	d
To Reserve fund						
" Balance to Balance Sheet						
	£	s	d	£	s	d
	1 500	-	-			
	4 007	-	-			
	£5 507					
				£	s	d
				5 507	-	-
				£5 507		

EXERCISE XV (B)—No 21 (*cont'd*)

THE NORTH LONDON ENGINEERING CO LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19 .

CAPITAL AND LIABILITIES	£		s		£	s		£	s	
	£	s	d		£	s	d	£	s	d
<i>Nominal Capital—</i> 100 000 Ordinary Shares of £1 each	100 000	—	—					24 000	—	—
								3 840	—	—
<i>Issued Capital—</i> 60,000 Ordinary Shares of £1 each 10/- per share called up	30 000	—	—					12 480	—	—
Less Calls in Arrears	900	—	—					1 248	—	—
								900	—	—
					29 700	—	—	180	—	—
<i>Mortgage Debentures—</i> 90 Bonds of £100 each								7 240	—	—
Debenture Interest accrued					9 000	—	—	362	—	—
Reserve Fund	8 500	—	—		180	—	—		—	—
Add Transfer from Profit & Loss	1 500	—	—						—	—
					10 000	—	—		—	—
Holdfast Bank, Ltd (overdraft)					4 200	—	—		—	—
Sundry Creditors					4 095	—	—		—	—
Unpaid Dividends					58	—	—		—	—
<i>Profit and Loss Account—</i> Bal available for distribution					4 007	—	—		—	—
					£ 61,240	—	—		£ 61,240	—

EXERCISE XV (B)—No. 24

E F & CO'S LEDGER

Dr			J J & Co			Cr		
19 Feb 1	To Sales	£ 350	s 4	d 6	19 Feb 1	By Bills Receivable	£ 354	s 11
" 1	Interest (3 mos. @ 5%)	4	7	6				d 6
" 1	Stamp Duty		4					
		£ 354	11	6			£ 354	11 6

CASH ACCOUNT
(Bank Column)

Dr				(Bank Column)		Cr			
19 Mar 15	To Bills Receivable	£ 350	s 4	d 6	19 Mar 15	By Banker's Discount (1 of £14/3 8)	£ 1	s 15	d 6

BILLS RECEIVABLE ACCOUNT

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Feb 1	To J J & Co	£ 354	s 11	d 6	19 Mar 15	By Cash	£ 354	s 11	d 6

J J & CO'S LEDGER

Dr				E F & Co				Cr			
19	Feb 1	To Bills Payable	£ 354	s 11	d 6	19	Feb 1	By Purchases	£ 350	s 4	d 6
						"	1	Interest	4	7	6
						"	1	Stamp Duty		4	-
			£354	11	6				£354	11	6

CASH BOOK
(Bank Column)

Dr		(Bank Column)				Cr		
				19 Mar 1	By Bills Payable	£ 354	s 11	d 6

BILLS PAYABLE ACCOUNT

Dr		BILLS PAYABLE ACCOUNT						Cr							
19 May 4	To Cash	£	354	s	11	d	6	19 Feb 1	By E. F. & Co	£	354	s	11	d	6

EXERCISE XV (B)—No 24 (contd)

FORM OF BILL

No 24

DUE DATE 4th May 19

LIVERPOOL

£304 11 6

1st February 19

STAMP

4/

Three months after date pay to our order the sum
of Three hundred and fifty four pounds eleven shillings
and sixpence for value received

To J J & Co
Manchester

Signatures { E
H

EXERCISE XV (B)—No 25

Dr

CONSIGNMENT ACCOUNT

Cr

(Consignment of Steel to SMITH & Co of Melbourne per S S Ormu)

19		£	s	d	19		£	s	d
	To Goods on Consignment (20 tons Steel @ £12½)	625			Dec 31	By Smith & Co (as per A/s)	640		
	Cash	3	10		31	Stock of Iron (10 tons Steel @ £12½ c/d)	125		
Dec 31	Smith & Co's Charges as A/s	48	15		31	Expenses c/d (½ of £37/10/-)	7	10	
31	Balance (Profit)	64	5						
		£72	10				£722	10	
Dec 31	To Balances b/d— Steel Expenses £125 7½			132 10					

EXERCISE XV (B)—No 26

Dr

PROFIT AND LOSS ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Interest on Cap A's	310				By Balance	2 310		
	Partnership Salary	400							
	Balance	1 800							
	(Divisible profit)	£2 510					£2 510		

This Account has been raised to show how divisible profit is arrived at
It is NOT part of the question

EXERCISE XV (C)—No 1

(a) An Appropriation Account is an extra subdivision of the Profit and Loss Account. It is designed to show how the profit of the year is appropriated. The account subjoined shows on its debit side to what purposes the profit of the company has been appropriated. This account is raised only in connection with joint stock companies.

Dr	APPROPRIATION ACCOUNT		Cr
To Preference Share Dividends	£ 1 000	By Balance brought forward from	£
Ordinary Share Dividends	500	December last year	8 0
Managers Directors Remuneration on 5% of £8 000	400	Current Year's Profit	8 000
Superannuation Fund	250		
Balance to Balance Sheet	6 00		
	<u>£8 850</u>		<u>£8 850</u>

Preliminary Expenses and Goodwill are now generally viewed as capital expenditure and it is thought consistent practice to write off any values relating to them through this account.

(b) A "charge against profits" is a term which signifies that the profit earned in business has been secured by an expense inevitable to that result. For example a trader may receive a loan from his banker of say £500 at 5 per cent per annum. Now the purpose to which he applies that £500 will obviously be for earning profit in his business. Let it be suggested that the return to the trader on his investment of the bank loan in his business yields £100 profit then against this £100 must be offset the £25 for interest due to the bankers. Therefore the £25 is said to be a charge against the profit of £100 earned because the trader cannot reasonably conclude that he has earned £100 whilst he is under an obligation in regard to the means by which he was able to secure that income.

An appropriation of profits is a term used to signify that the available profit of a business may be set apart for creating special reserves providing for dividends and for writing down items of capital expenditure e.g. Goodwill.

The distribution of dividends is an example of the appropriation of profits because their distribution can take place only when profit is available for the purpose. This aspect may be made clearer if it be understood that in the circumstance of a trade reverse the directors would be unable to declare a dividend because of there being no available profit for the purpose.

(c) Assets which do not lend themselves to classification as being either fixed or floating are those which are not acquired as a means of earning income or for the purpose of trading with them i.e. converting them into cash or commodities or their equivalents.

Examples of these are—

- (1) Goodwill
- (2) Preliminary Expenses
- (3) Debenture (or Share) Discount

(1) Goodwill is acquired when a business is purchased as a going concern and it is represented by a price paid to the vendor in satisfaction of the profits normally expected to be associated with the business taken over. This asset may be said to be of value to the new proprietors in the exact proportion to the changing values of the Trade Debtors taken over.

(2) Preliminary Expenses are the initial costs incurred on the formation of a business (see also *Advanced Accounts* page 534).

(3) Debenture Discount arises on an issue of debentures by a company when the price at which they are issued is less than their par value. The discount is the margin of price below par at which they may be bought e.g. debentures issued at 98 per cent means that the £2 below par value of £100 is discount.

EXERCISE XV (C)—No 2

JOURNAL OF THE RAYON D'OR PUBLISHING CO., LTD

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Appropriation Account For transfer of balance	11 400	-	-	11 400	-	-
" 31	Preference Stock Dividend Account To Preference Stockholders Income Tax For provision of dividends to stock holders at 6% less income tax @ 5/- in £	3 000	-	-	2 250 750	-	-
" 31	Appropriation Account To Preference Stock Dividend A/c For transfer of balance	3 000	-	-	3 000	-	-
" 31	Ordinary Share Dividend Account To Ordinary Shareholders Income Tax For provision of dividend to share holders at 8% less income tax @ 5/- in £	4,800	-	-	3,600 1 200	-	-
" 31	Appropriation Account To Ordinary Share Dividend For transfer of balance	4,800	-	-	4 800	-	-
" 31	Appropriation Account To Renewals Reserve Provision for addition to reserve	1 500	-	-	1 500	-	-
		28 500	-	-	28 500	-	-

EXERCISE XV (C)—No 3

THE WFLSH MANUFACTURING CO LTD

THE WFLSH MANUFACTURING CO.
ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

APPROPRIATION ACCOUNT

[illegible]

EXERCISE XV (C)—No. 1 (cont'd)

THE WELSH MANUFACTURING CO. LTD.

Profit and Loss Account for the Year ended 31st December 1911.

	£	s	d	£	s	d
To Rent, Rates, and Taxes				987		
Repairs to Machinery				144		
Salaries				3 400		
Insurance	375					
Less Amount paid in advance	94					
Discounts				242		
General Expenses				418		
Travelling and Exhibition Expenses				2 007		
Bad Debts				918		
Depreciation—				542		
Fittings and Fixtures	65					
(10% of £650)						
Plant and Machinery	1 175					
(10% of £11 750)						
Premiums (2% of £10 000)	200					
Balance, Nair Profit c/d				1 140		
				3 225		
				£ 13 683		

EXERCISE XV (C)—No. 3 (cont'd)

THE WELSH MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d
Nominal Capital— 60 000 Shares of £1 each	60 000						Premises <i>Less Depreciation</i>	10 000 200	-	-
<i>Issued and Paid up Capital—</i> 60 000 Shares of £1 each (12/ paid up)				36 000	-		Plant and Machinery <i>Less Depreciation</i>	11 750 1 175	-	-
Reserve Fund				10 000			Fittings and Fixtures <i>Less Depreciation</i>	650 65	-	-
Ystwyth Banking Co (overdraft)				2 478			<i>Stocks—</i> Materials	10 743	-	-
Bills Payable				940			Finished Goods	19 430	-	-
Sundry Creditors				2 870			Sundries	340	-	-
Profit and Loss Account— Balance available for distribution				3 813			Sundry Debtors <i>Less Bad Debts Reserve</i>	4 300 500		
							Bills Receivable Insurance Paid in Advance			
				£ 56 101						£ 56 101

COMMENTS UPON THE BALANCE SHEET ETC

- (1) It would appear that the Company is overtrading as the bank has been overdrawn
(2) The item Finished Goods suggests the anticipat on of trade too far ahead
(3) The Bad Debts Reserve appears to be on too liberal a scale
(4) A dividend could not be considered as there is no available cash
(5) The item Wages being 28.15 per cent shows favourably in relation to turnover
(6) The Company is not robust

THE POSTTORD MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

Dr	£	£	s	d	£	£	s	d	£	£	s	d
To Stock, 1st Jan						8 930	-	-		8 930	-	-
" Purchases						15 345	-	-		15 345	-	-
" Wages						13 671	-	-		13 671	-	-
" Fuel						485	-	-		485	-	-
" Balance Gross Profit						8 509	-	-		8 509	-	-
						47 000	-	-		47 000	-	-
To Returns	472											
Less } to be carried forward	236											
" Office Expenses						235	-	-		235	-	-
" Discount						362	-	-		362	-	-
" Salaries						87	-	-		87	-	-
" Postages and Telegrams						1,062	-	-		1,062	-	-
" Rates and Taxes						116	-	-		116	-	-
" Travelling Expenses						239	-	-		239	-	-
" Interest and Bank Charges						317	-	-		317	-	-
" Cost of New Catalogues (½ of £300)						402	-	-		402	-	-
" Directors' Fees						100	-	-		100	-	-
" Bad Debts Res (5% of £9,847)	492					300	-	-		300	-	-
Less Old Reserve	250											
						242	7	-		242	7	-
" Depreciation—												
Loose Tools (20% of £1,858)	371	4	-									
Boiler and Heating Plant	59	4	-									
(10% of £592)												
Plant and Machinery	565	8	-									
(10% of £5 654)												
" Balance, Net Profit						995	16	-		995	16	-
						4 053	17	-		4 053	17	-
						£8 509	-	-		£8 509	-	-

EXERCISE XV (C)—No 5

MARTIN HANSON & CO., LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Dr

Cr

	£	s	d	£	s	d	£	s	d
To Stock 1st Jan . . .	17	315	10 7	8	302	6 2	By Sales	48	701 17 2
" Purchases . . .	51	10	11				" Stock, 31st Dec.	8	605 18 9
Less Returns Outward . .				17	263	19 8			
Wages . . .				18	658	11 7			
Coal . . .				1	890	19 1			
" Balance, Gross Profit c/d .				11	191	19 5			
				£	57	307 15 11	£	57	307 15 11

EXERCISE XV (C)—No 5 (cont'd)

MARTIN HANSON & CO LTD

INCOME AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d
To Preliminary Expenses	735	3	4	1,590	13	11
Insurance	25			118	1	2
Less Stock 1/1 hand						
Repairs				710	3	4
Trade Expenses				1,591	5	
Salaries				635	7	2
Directors fees				1,367	1	6
Bank Commission				250		
Subscriptions				48	18	3
Debtors' Interest				29	14	6
Debtors' Fees				26	5	
Debtors' Interest				877	10	
Less Interest				263	2	10
Bad Debt Reserve (no nt p mv 30/11)	100					
Less 1/1 Reserve	408	1	9	191	18	
Discount Reserve on Debtors (amount provided)				667		
Depreciations—						
Loose Tools { 7 1/2% of £1,250 for a year }	220	14	5			
Patent { 10% of £1,250 for a year }	346	5	4			
Furniture (3% of £200 for a year)	10					
Horses and Carts (20% of £250 for a year)	50					
Fixed Plant (5% of £4,400 for a year)	220					
Electric Light Installation (1/2 of £200)	100					
Balance Brought Forward				919	19	9
				2,678	12	1
				11,743	8	2

APPROPRIATION ACCOUNT

Dr		APPROPRIATION ACCOUNT				Cr			
	£	s	d	£	s	d	£	s	d
To Preference Dividend									
" Ordinary Dividend									
" Special Reserve Account (25% of £5,877)									
Balance to Balance Sheet									
	£	s	d	£	s	d	£	s	d
				175	-	-	6483	8	6
				2000	-	-	2658	12	1
				1794	-	-			
				4183	-	7			
				29182	-	7	29152	-	7

MARTIN HANSON & CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER, 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS		£	£	£	£	£	£
Nominal and Issued Capital—									
15 500 5% Preference Shares of £1 each, fully paid				15 500				23 800	
58 000 Ordinary Shares of £1 each, fully paid				58 000				81	9 9
								4 400	
								2 250	
								206	
								2 541	
								385	
								2 920	
								14	
								30	
								3 200	
								420	
								2 880	
								3 405	
								28	
								400	
								100	
								200	
								10	
								11 012	
								1 287	
								207	
								150	
								6 904	
								99	
								10 345	
								5	
								827	
								0 691	
								114 471	
								5	

EXERCISE XV (C)—No 6

(1) TRIAL BALANCE—(ITEMS ONLY)

Trading Account—

Stock (at commencement)	Manufacturing Expenses	Sales
Purchases	Returns Outward	Returns Inward
Carriage Inwards	Factory Rent Power	
Manufacturing Wages	Light etc	

Profit and Loss Account—

Carriage Outwards	Insurance	Stationery and Postages
Discounts Received	Advertising	Commission
Discounts Allowed	Lighting and Heating	Travelling
Office Salaries	Interest	Repairs
General Expenses	Depreciation	Bank Charges
Office Rent and Rates	Bad Debts	

Balance Sheet—

Cash	Patents	Sundry Credits
Bank	Motor Lorries	Sundry Debts
Bills Payable	Plant and Machinery	Capital
Bills Receivable	Land and Buildings	Drawings
Office Furniture	Goodwill	

Adjustments required at Balancing time—

- (1) Valuation of Stock in hand at close
- (2) Provision of Interest on Capital
- (3) Provision for Bad and Doubtful Debts by a Reserve therefor
- (4) Provision for—(a) Outstanding items as Rent due
(b) Unexpired items as Insurance prepaid

(2)

(a) *Single Account System*

The view of what is deemed profit under this system is gauged by the net increase in value of assets over liabilities for the financial year just closed. A realized surplus on any one particular asset may not be considered available for distribution to shareholders without reference to the general financial position of the concern.

(b) *Double Account System*

The view of what is deemed profit under this system is measured by the difference between income and expenditure as shown by the Revenue Account without reference to the depreciation (or it may be the appreciation of the fixed assets as shown in the Capital Account.)

(c) *Third System*

When the Memorandum of Association provides power for its directors to invest capital in a wasting asset and exemption from providing means for the renewal of the same then the profit of the company available for distribution is the excess of the year's income over the year's expenses properly chargeable to revenue without provision for depreciation of fixed assets.

(d) *Fourth System*

Provision for losses of Capital (Fixed and Floating) are not necessarily to be included in the statement of profit before determining the profit of the company. It would seem that unless specifically provided for in the Memorandum or Articles of Association the profit of a company normally relates to the excess of income over expenses properly chargeable against revenue.

EXERCISE XV (C)—No 7

The method adopted to make the Bought and Sales Ledgers balance independently is by means of adjustment accounts, which accounts are clearly explained and illustrated in *Advanced Accounts*

To keep the position of the Bank Account from the Ledger clerks, it would be necessary to arrange for the Bank Account (total amounts of receipt and payments) to be kept in the *Private Ledger*

EXERCISE XV (C)—No 8

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets Cash (Expenses)	£ 22 100 300	s	d	19	By Cash (including £300 for Goodwill) Balance (Loss transferred to Profit and Loss A/c)	£ 21 800 600 —
		£22 400	—	—		£22 400	—

Dr		CASH ACCOUNT				Cr	
19	To Realization A/c	£ 21 800	s	d	19	By Realization A/c (Expenses) Harrison Sundry Creditors L. Brier C. Oke	£ 300 4 000 4 200 10 500 2 710 —
		£21 800	—	—		£21 800	—

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19	To Interest on L. Brier's Capital " Loss on Realization " Balance Not Profitable Capital A/c— L. Brier 42 940 C. Oke 3 960	£ 2 000 600 — — 42 940 3 960 9 900	s	d	19	By Balance . . .	£ 12 500 — —
		£12 500	—	—		£12 500	—

Dr		L. BRIER'S CAPITAL ACCOUNT				Cr	
19 Dec. 31 " 31	To Drawings A/c " Cash	£ 5 300 10,399	s	d	19 Dec 31	By Balance " Interest " Profit and Loss A/c	£ 8 000 2 000 5 940 —
		£15 940	—	—		£15 940	—

EXERCISE XV (C)—No 8 (contd)

Dr L BRIER'S DRAWINGS ACCOUNT

Cr

19		£	s	d	19		£	s	d
Dec 3	To Balance	5	3	0	Dec 31	By Capital A/c	5	3	0

Dr C OKF'S CAPITAL ACCOUNT

Cr

19		£	s	d	19		£	s	d
Dec 31	To Drawings A/c	1	2	50	Dec 31	By Profit & Loss A/c	7	5	0
	Cash	2	7	10					
		7	9	60			7	9	60

Dr C OKF'S DRAWINGS ACCOUNT

Cr

19		£	s	d	19		£	s	d
Dec 3	To Balance	1	2	50	Dec 31	By Capital A/c	1	2	50

EXERCISE XV (C)—No 9

JOURNAL ENTRIES FOR ADJUSTMENT

19		£	s	d	£	s	d
	Suspense Account To W. Brown	6	10	9		6	10 9
	Sundry Debtors To Suspense Account	6	3	2		6	3 2
	Returns Inwards To R. Carr	27	10			27	10
	Bradart Freres To Bank	220				220	
		1264	2	2		1264	2 2

C

EXERCISE XV (C)—No 10

See *Advanced Accounts* pages 18 and 19 (under Loose leaf and Card Ledger)

THE MOTOR MANUFACTURING CO., LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

Dr.

	£	s	d		£	s	d.
To Stock 1st Jan	18 750	-	-	By Sales	122,000	-	-
Purchases	62 100	-	-	" Stock, 31st Dec.	10,087	-	-
" Manufacturing Wages	30 000	-	-				
" Coal	2 225	-	-				
" Royalties	450	-	-				
" Balance Gross Profit	18 562	-	-				
	£132 087	-	-		£132 087	-	-

EXERCISE XV (C)—No 11 (cont'd)

THE MOTOR MANUFACTURING CO. LTD

THE MOTOR SHARE COMPANY
LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Profit and Loss Account for the year ended 31st December 1915	
To Rates Taxes and Insurance	1 250
Repairs and Renewals	1 300
Gas and Water	175
General Expenses	475
Travelling Expenses	1 375
Office Salaries	1 000
Discounts Allowed	2 100
Debt Interest	1 000
Directors Fees	525
Depreciation—	
Plant and Machinery	1 500
Office Furniture	46
Patterns	468
Patents	281
Preliminary Expenses	
Balance c/d	20 867
By Trading Account	18 562
Discounts Received	1 780
Reserve for Bad Debts	
Less Bad Debts	225
New Provision	300
Interest on Bank Deposit	
	20 867

APPROPRIATION ACCOUNT

Dr	APPROPRIATION ACCOUNT				Cr
		f	s	d	
To Sinking Fund Account for Redemption of Debentures Inter m Dividend Paid Balance to Balance Sheet		2 000			
		2 000			
		5 890	2	6	
		£9 890	2	6	

EXERCISE XV (C) -- No. 11 (could)

THE MOTOR MANUFACTURING CO. LTD.

BALANCE SHEET FOR THE YEAR ENDED JIST DECEMBER, 19..

[illegible]

EXERCISE XV (C)—No 12

LEDGER

P's CAPITAL ACCOUNT
(Credit Side)

		£	s	d
19				
Mar 31	By Balance	6 500		
Sept 30	Interest (5% for 2 mos.)	54	3	4

P's DRAWINGS ACCOUNT
(Credit Side)

		£	s	d
19				
Mar 31	By Balance	750		
Sept 30	Proportion of Profit Due ($\frac{1}{2}$ of £750)	250		
30	Interest (5% for 2 mos on £1 000)	8	6	8

EXERCISE XV (C)—No 13

JOURNAL

OPENING ENTRIES

		£	s	d	£	s	d
19							
Jan 1	Leasehold Premises	2 000					
	Fittings etc	450					
	Stock	4 600					
	Book Debts	800					
	Cash	50					
	To Sundry Creditors				1 500		
	Bank Overdraft				2 950		
	A's Capital				3 480		
		7 930			7 930		
	Cash	4 000					
	To B's Capital Account				3 000		
	A's Capital Account (For premium paid by B for share of goodwill)				1 000		



EXERCISE XV (C)—No 14.

JOURNAL OF MESSRS AMBROSE & CO (NEW)

19		£	s	d	£	s	d
Jan	1	Business Purchase Account To Vendors' Account For purchase of business as per agreement dated 1st Jan	37,500	-	-	37,500	-
"	1	Sundry Debtors	6,000	-	-		
		Bills Receivable	600	-	-		
		Land and Buildings	10,000	-	-		
		Plant and Machinery	7,000	-	-		
		Horses and Vehicles	500	-	-		
		Stock	8,000	-	-		
		Work in Progress	2,000	-	-		
		Goodwill	11,000	-	-	45,100	-
		To Business Purchase Account Sundry Assets acquired as per agreement dated 1st Jan					
"	1	Business Purchase Account To Sundry Creditors Bad Debts Reserve Bills Payable Sundry Liabilities as per agree- ment	7,600	-	-	5,000 100 2,500	-
		Vendors' Account To Share Capital Account Cash 32,500 shares allotted and balance in cash as payment of purchase price of business	37,500	-	-	32,500 5,000	-
		Sundry Shareholders To Share Capital Account For issue of 10,000 shares of £1 each	10,000	-	-	10,000	-
		Cash To Sundry Shareholders For sums received	10,000	-	-	10,000	-
			£147,700	-	-	£147,700	-

EXERCISE XV (C)—No 14 (contd)

MESSRS AMBROSE & Co, LTD

BALANCE SHEET AS AT 31ST JANUARY 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
	£	s	d		£	s	d
Nominal Capital— 50 000 Shares of £1 each	50 000	—	—	Land & Buildings Plant & Machinery Horses & Vehicles Goodwill Stock Work in Progress Sundry Debtors Less Bad Debts Reserve	6 000	—	10 000 7 000 500 11 000 8 000 2 000
Issued Capital — 42 000 Shares of £1 each fully paid	42 500	—	—	Bills Receivable Bank			5 900 600
Bills Payable	2 500	—	—				5 000
Sundry Creditors	5 000	—	—				50 000
	£ 50 000	—	—				£ 50 000

EXERCISE XV (C)—No 1, JOURNAL

19		£	s	d	£	s	d
	Business Purchase Account To Vendor's Account	80 000	—	—	80 000	—	—
	Land and Buildings	35 000	—	—			
	Stock etc	15 000	—	—			
	Machinery and Plant	20 000	—	—			
	Goodwill	10 000	—	—	80 000	—	—
	To Business Purchase Account						
	Vendors Account To Share Capital Account For 10 000 shares issued to him as part payment	10 000	—	—	10 000	—	—
	Application A/c (2/6 per share)	12 500	—	—			
	Allotment A/c (2/6 per share)	12 500	—	—			
	First Call (5/- per share)	25 000	—	—			
	Final Call (10/- per share)	50 000	—	—	100 000	—	—
	To Share Capital A/c						
	Application A/c To Allotment A/c For transfer of 10 000 2/6s over subscribed	1 250	—	—	1 250	—	—
	Cash A/c To Application A/c	97 000	—	—	13 750	—	—
	To Allotment A/c				11 250	—	—
	First Call				24 000	—	—
	Final Call				48 000	—	—
		£368 250	—	—	£368 250	—	—

Calls in arrears would appear in the Balance Sheet as a deduction from Issued Capital

THE SILVER ORE CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

Cr.

Dr	£	s	d	£	s	d
To Wages of Miners				6 900		
" Royalties				1 000		
" Coal				450		
" Oil				200		
" Balance, Gross Profit c/d				10 900		
				£ 19 450		
						£ 19 450

By Sales of Silver
Sales of Coal
Stock (Silver) 1st April

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

Cr.

Dr	£	s	d	£	s	d
To Repairs to Plant				£ 90		
" Advertising				500		
" Legal Expenses				100		
" Salaries				2 000		
" Directors' Fees				700		
" Expenses of Promotion (4 of £600)				200		
" Depreciation—						
Plant and Machinery	600					
Light Railway (15% of £4 000)						
Wagons (loss on re-valuation)	180					
Loose Tools (loss on re-valuation)	100					
	140					
				1 020		
By Balance, Net Profit to Appropriation Account				7 066	15	
				£ 11 676	15	
						£ 11 676 15

EXERCISE XV (C) No 16 (contd.)

THE SILVER OIL CO LTD

BALANCE SHEET AS AT 1ST APRIL 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	£	£	£
<p><i>Now paid up £100,000</i></p> <p>21,500 5% Preference Shares of £1 each</p> <p>30,000 Ordinary Shares of £1 each</p> <p>£100,000</p>	<p>21,500</p> <p>30,000</p> <p>£100,000</p>	<p>Land</p> <p>Buildings Plant and Machinery</p> <p>Cr. Add Carriage on above</p> <p>Less Depreciation</p> <p>Light Railway</p> <p>Less Depreciation</p> <p>Warehouses</p> <p>Cost of Sinking M</p> <p>Provision of Share</p> <p>Office Furniture</p> <p>Loose Tools</p> <p>Stock of Silver</p> <p>2,000 Shares in Ross & Co. Mines</p> <p>Cash on Deposits (including interest accrued)</p> <p>Cash at Bank</p> <p>Ch. in hand</p> <p>Expenses of Promoters</p> <p>Less if written off</p>	<p>4,000</p> <p>1,800</p> <p>4,180</p> <p>600</p> <p>1,200</p> <p>180</p> <p>1,020</p> <p>400</p> <p>2,000</p> <p>1,400</p> <p>150</p> <p>300</p> <p>1,500</p> <p>8,100</p> <p>8,950</p> <p>10,550</p> <p>53</p> <p>600</p> <p>200</p> <p>400</p> <p>£59,519 16 10</p>

Dr

APPROPRIATION ACCOUNT

Cr

£	£	£	£
<p>To Interim Dividend on Preference Shares paid 2nd Oct</p> <p>Less Tax</p> <p>Income Tax on above</p> <p>Preference Share Dividend accrued</p> <p>Balance to Balance Sheet</p>	<p>221 18 2</p> <p>27 9 4</p> <p>549 7 6</p> <p>547 10 6</p> <p>5,950 17 6</p> <p>£7,056 15</p>	<p>By Profit and Loss Account</p> <p>(Current year's profit)</p>	<p>7,056 15</p> <p>£7,056 15</p>

THE PLEASANT HOTEL CO., LTD

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19 .

Dr

Cr

	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan— Beer, Wines, Spirits, etc. Provisions	2 128	—	—				7 862	—	—
	3 20	—	—				6 283	—	—
				2 448	—	—			14,125
By Sales— Beer, Wines, Spirits, etc. Provisions	5 450	—	—				2 520	—	—
	4 580	—	—				164	—	—
				10 030	—	—			2,684
By Receipts— Sundry 31st Dec.— Beer, Wines, Spirits, etc. Provisions				9 948	—	—	8 343	—	—
				1 803	—	—	212	—	—
				11	—	—	109	—	—
				129	—	—	390	—	—
				236	—	—			—
				444	—	—			—
				471	—	—			—
				208	—	—			—
				383	13	—			—
				840	10	—			—
				3 220	13	—			—
				25 919	—	—			25 919
By Receipts— Sundry 31st Dec.— Beer, Wines, Spirits, etc. Provisions				9 948	—	—	8 343	—	—
				1 803	—	—	212	—	—
				11	—	—	109	—	—
				129	—	—	390	—	—
				236	—	—			—
				444	—	—			—
				471	—	—			—
				208	—	—			—
				383	13	—			—
				840	10	—			—
				3 220	13	—			—
				25 919	—	—			25 919

Dr

PROPOSED APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d
To Interest Dividend on Preference Shares	200	2	11			
Final Dividend on Preference Shares	200	2	11			
Dividends on Ordinary Shares	900	—	—			
Dividends on Deferred Shares	500	—	—			
Balance to Balance Sheet	2 930	14	10			
	4 730	19	—			
By Balance, 1st Jan				1 510	—	—
Profit and Loss Account (current year's profit)				3 220	19	—
				4 730	19	—

THE PLEASANT HOTEL CO LTD
BALANCE SHEET AS AT 31st DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
<i>Nominal Capital—</i>				Freehold Land and Buildings	35 000		
10 000 5% Cumulative Preference Shares of £1 each	10 000			Add Additions	2 112		
10 000 Ordinary Shares of £1 each	10 000			Furniture and Fittings	3 671		
5 000 Deferred Ordinary Shares of £1 each	5 000			Less Depreciation	183	11	
				Goodwill			
	25 000			Stocks—	2 520		
<i>Issued Capital—</i>				Beer Wines Spirits etc	164		
8 500 Cumulative Preference Shares fully paid	8 500			Provisions			
9 000 Ordinary Shares fully paid	9 000			Debtors for Apartments			
5 000 Deferred Ordinary Shares (issued to Vendors as fully paid)	5 000			Investments			
				Cash in hand			
				Preliminary Expenses			
200 4½% Debentures of £100 each	22 500				2 684		
Defective Interest accrued	20 000				152		
Reserve Fund	141	5			5 069		
Bank Overdraft	5 000				123	12	11
Sundry Creditors	2 212				864		
Outstanding Wages and Salaries	4 980						
Profit and Loss Account—	128						
Balance available for Distribution of proposed dividends as per Appropriation Account	4 530	16	11				
	£59 492	1	11		£59 492	1	11

479

EXERCISE XV (D) — No. 1

THE LOAMSHIRE MANUFACTURING CO., LTD

[illegible]

EXERCISE XV (D) No. 1 (cont.)

THE FOAMSHIRE MANUFACTURING CO LTD

BALANCE SHEET AS AT 30TH JUNE 19

[illegible]

JOHN STEPHENS & CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 .

	£	s	d	£	s	d	By Trading Account b/d	£	s	d	
To Interest	190	16	8	408							
Interest on Mortgage to 30th June	200	-	-				Rents of Cottages	16	515	8	
Add Interest due to 31st Dec							Transfer Fees	102	9	6	
								1	12	6	
Directors Fees				390	16	8					
Management and Office Salaries				350	-	-					
Ch of Rents				1 530	-	8					
Trade Expenses				12	4	8					
Depreciation---				6 772	6	2					
Office Furniture (71% of £4124)	30	18	9								
Patents (£ of £3 000)	250	-	-								
Plant and Machinery	1 733	16	-								
(6% of £28 896/14/)											
Land and Buildings	440	-	-								
(21% of £17 600)											
Goodwill (10% of £10 526/5/4)	1 052	12	6								
Formation Expenses	599	9	6								
(25% of £2 397/18/2)											
				4 106	16	9					
				3 048	18	5					
Balance Nxt Profit c/d				16 619	2	8					

EXERCISE XV (D)—No 3

JOHN BOITON & CO LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d
To Stock 1st Jan	22,950	-	-	9,875	-	-
By Sales	3,421	-	-	-	-	-
Less Returns Inwards	-	-	-	-	-	-
Stock 31st Dec	-	-	-	29,539	-	-
Wages	-	-	-	19,461	-	-
Balance Gross Profit c/d	-	-	-	1,334	-	-
				72,200	-	-
To Trade Charges	-	-	-	-	-	-
By Sales	-	-	-	382	-	-
Less Returns Inwards	-	-	-	1,291	-	-
Stock 31st Dec	-	-	-	471	-	-
Wages	-	-	-	331	-	-
Balance Gross Profit c/d	-	-	-	829	-	-
Wages	-	-	-	148	-	-
Balance Gross Profit c/d	-	-	-	-	-	-
By Sales	-	-	-	145	-	-
Less Returns Inwards	-	-	-	450	-	-
Stock 31st Dec	-	-	-	67	-	-
Wages	-	-	-	-	-	-
Balance Gross Profit c/d	-	-	-	1,950	-	-
Wages	-	-	-	6160	-	-
Balance Gross Profit c/d	-	-	-	11,324	-	-

Dr

APPROPRIATION ACCOUNT

3

	£	s	d	£	s	d	By Balance 1st Jan.	£	s	d	£	s	d
To Bonus to Departmental Managers (5% of £8,000)											3	2	6
• Ord'nary Share Dividend paid 14th Feb											8	0	0
• Balance to Balance Sheet													
											19	3	6

EXERCISE XV (D) — No 4

THE YORKSHIRE TWINED CO LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

D		TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19				C	
	£	s	d		£	s	d
To Stock 1st Jan				By Sales			
Materials Consumed				Stock 1st Dec			
Dyeing and Finishing							
Wages							
Motive Power							
Balance Gross Profit c/d							
	£	s	d		£	s	d
	3 19	4	6		32 108	14	5
	18 489	15	7		3 699	19	7
	1 216	3	6				
	533	1	10				
	8 437	16					
	691	7					
	2 939	4	2				
	£	15 806	14		£	35 806	14

EXERCISE XV (D)—No 4 (con/d)

THE YORKSHIRE TWIFED CO LTD

Dr. Profit and Loss Account for the Year ended 31st December, 19

[illegible]

ANNUATION ACCOUNT

	£	s	d	By Profit and Loss Account	£	s	d
To Balance, 1st Jan.							
" Interim Dividend paid to 10th June	80	-	-		20	11	2
" Dividend provided to 21st Dec	90	-	-				
					139		
					82	11	
" Managing Director's Bonus (10% of £3292/10)					445	17	7
" 11th June to Balance Sheet					38.09	7	6
					629	7	0

THE YORKSHIRE TWEED CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£		s		d		PROPERTY AND ASSETS	£		s		d		£	s		d
	£	s	d	£	s	d		£	s	d	£	s	d		£	s	d
<i>Nominal Capital—</i>							Freehold Mills							3 000			
5 000 6% Cumulative Preference Shares of £1 each	5 000			5 000			Machinery	4 000									
5 000 Ordinary Shares of £1 each	5 000			5 000			Additions during year	200									
							Less Depreciation	4 200									
<i>Issued Capital—</i>							Engines, Boilers and Shafting	307	10					3 892	10		
3 000 8% Cumulative Preference Shares of £1 each fully paid	3 000			3 000			Less Depreciation	500									
4 119 Ordinary Shares of £1 each fully paid	4 119			4 119			Cards Bobbins Shuttles etc	50						450			
							Additions during year	900									
							Less Depreciation	300									
4% 1st Mortgage Debentures	7 119			7 119			Stock	1 200									
Mortgage Debenture Interest accrued	2 000			2 000			Sundry Debtors	262	10					937	10		7
Bank Overdraft	40			40			Less Bad Debts Reserve							3 699	19		7
Bills Payable	988	6		988	6		Discount Reserve	6 000									
Sundry Creditors	2 220	9	10	2 220	9	10	Cash in hand	374						5 626			9
Less Discount Reserve	240	10	6				<i>Prepaid Items—</i>							32	11		9
Preference Share Dividend accrued	4 589	19	4	4 589	19	4	Telephone Rent										
Rates owing	90			90			Fire Insurance	7	10								
Managing Director's Bonus	10			10				20									
<i>Profit and Loss Account—</i>																	
Balance available for distribution	545	17	7	545	17	7								27	10		
														£ 17 666	2	1	

Dr	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan									
• Purchases			9,000						40,000
• Wages (Manufacturing)			19,000						9,500
• Royalties			11,800						2,300
• Erecting and Fitting Cars			200						0
• Coal, Coke Gas and Water			2,400						
• Loose Tools, 1st Jan			450						
• Balance, Gross Profit c/d			2,500						
			6,450						
			£ 51,800						£ 51,800
To Repairs, Renewal and Maintenance			800						
• Printing Advertising & Stationery			250						
• Travelling and Commission			1,400						
• General Expenses			450						
• Directors' Fees			100						
• Interest on Debentures			900						
• Bank Interest and Commission			70						
• Legal and Accountancy Charges			150						
• Rent Rates Taxes & Insurance			260						
• Bad Debts Reserve etc									
• Less Old Reserve	630								
	200								
			430						
• Depreciation—									
• Office Furniture (5% of £400)	20								
• Patents (10% of £1,000)	100								
• Patterns (10% of £3,300)	330								
• Machinery and Plant (5% of £8,800)	440								
• Land and Buildings (3% of £5,000)	150								
• Balance Net Profit			1,040						
			600						
			£ 6,450						£ 6,450

EXERCISE XV (D)—No 5 (cont'd)

THE OIL AND GAS MOTOR CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
25 000		Land and Buildings	5 000
		Less Depreciation	150
		Plant and Machinery	8 800
		Less Depreciation	440
		Loose Tools	3 300
		Patterns	330
		Less Depreciation	
		Patents	1 000
		Less Depreciation	100
		Office Furniture etc	400
		Less Depreciation	20
		Stock	10 500
		Sundry Debtors	630
		Less Reserve for Bad Debts and Discounts	
		Cash in hand	
		Profit and Loss Account (Balance to date)	
25 000	42 900		42 900

EXERCISE XV (D) - No 6

Dr.

A & B's JOINT VENTURE ACCOUNT

Cr.

Due Date	Particulars	Days	Pro-ducts	Amount	Due Date	Particulars	Days	Pro-ducts	Amount
19 Jan 30	To Dock Dues	178	£ 1 780	£ 10	19 Feb 1	By Currents	149	£ 69,732	£ 468
" 30	" Salmon	151	27 180	180	" 7	" (2 1/2% of £12)			
Feb 2	" Currents	148	58 904	398	" 7	" Salmon	115	11,385	98 15
Apr 2	" Freight	89	445	5	" 21	" (1 1/2% of £1/5/-)			
" 6	" Railway Dues	85	340	4	" 21	" Almonds	70	5 480	78
Mar 17	" Almonds				" 3	" Figs	60	5,700	95
Apr 1	" Figs				" 15	" Salmon	88	1,740	30
June 30	Bal of Products		9,508	100	" 12	" Almonds	46	4,140	90
" 30	Balance c/d		98 157	38 14	" 21	" Salmon			40
" 30				£ 936 1	" 21	" Almonds			35
" 30	To A's Share of Profit on Venture				" 30	" Int (2 1/2% x 1/2)	98,157	1	6
" 30	" B's Share of Profit on Venture				" 30	By Balance b/d			£ 936 1
				19 7 2					38 14 4
				19 7 2					
				£ 38 14 4					£ 38 14 4

EXERCISE XV (D)—No 6 (contd.)

JOINT VENTURE IN B's BOOKS

Cr

Dr

Due Date	Particulars	Days	Pro-ducts	Amount	Due Date	Particulars	Days	Pro-ducts	Amount
19 Feb	To Currents	148	£ 58 904	£ 398	19 Feb	By Currents	149	£ 69,732	£ 469
22 Feb	1 freight	89	445	5	11 May	" Figs	60	5,700	95
6 Apr	Railway Dues	85	240	4	30 June	" Balance of Interest			2
	Figs			100					3
1 June	Balance of Products		15 743						1
30 June	Share of Profit on Venture			19					
30 "	Balance Due to A			38					
			£ 75 492	£ 565				£ 75,492	£ 565
				3					3
				1					1

EXERCISE XV (D)—No. 7

The manufacturer's LEDGER should be divided into four main divisions
i.e.—

- | | |
|----------------------------|-------------|
| (1) Purchases of CREDITORS | (3) General |
| (2) Sales of DEBTORS | (4) Private |

In order to separately agree Personal Accounts it would be necessary to introduce Adjustment Accounts for each of the Personal Ledgers

It will greatly facilitate the compilation of the Adjustment Accounts if the subsidiary books are appropriately analysed as is the Bank Cash Book illustrated on pages 290 and 291 of *Advanced Accounts*

EXERCISE XV (D)—No. 8

- (1) $\frac{£ 333 \frac{3}{4}}{£1333 \frac{3}{4}} \times \frac{100}{1}$ gives 25% Gross Profit
- (2) $\frac{£195 \frac{825}{100}}{£783 \frac{300}{100}} \times \frac{100}{1}$ gives 25% Gross Profit

EXERCISE XV (D)—No. 9

SYSTEM OF BOOK KEEPING FOR MANUFACTURER

The manufacturer would require the books enumerated below—

- | | |
|------------------------------|--------------------------------|
| (a) Purchases | (g) Petty Cash Book (analysis) |
| (b) Sales | (h) Bank Cash Book |
| (c) Purchases Ledger | (i) Bills Payable Book |
| (d) Sales Ledger | (j) General Ledger |
| (e) Wages Book | (k) Journal |
| (f) Expenses Book (analysis) | (l) Bills Receivable |

The manufacturer must exercise sedulous care that the posting from the subsidiary books shall conform to the double entry principle of a DEBIT entry being offset by a CREDIT entry for equivalent values

It would be necessary when indorsing a bill of exchange to make a journal entry as follows—

Customer	Dr
To Bills Receivable	Cr

REALIZATION ACCOUNT

REALIZATION ACCOUNT		Cr	
Dr		£	s d
19	To Sundry Assets Cash (Expenses)	16 000 470	
		16 470	
	By A Freehold Property B (Stock 90%) Cash (Sundry Debtors 86%) Balance— Loss on Realization A's Share B's Share	2 242 747 10	10 — —
		2 990	
		16 470	

CASH ACCOUNT

CASH ACCOUNT		Dr	Cr
19	To Balance Realization " s s Capital Account	£ 1 000 2 580 342 10 13 922 10	£ 470 1 800 1 652 10 3 922 10

EXERCISE XV (D)—No 17 (contd.)

EXERCISE XV (D)--No 11 (cont'd)

A's CAPITAL ACCOUNT					Cr				
Dr									
19..	To Freehold . " Share of Loss on " Realization .				19..	By Balance " Share of Reserve " Loan Account " Cash .	£ 9,000 2,000 342	s - - 10	d - - - 10
				£			12,242	10	-
B's CAPITAL ACCOUNT					Cr				
Dr									
19	To Stock " Share of Loss on " Realization . " Cash .				19 .	By Balance " Share of Reserve	£ 3,000 300	s - -	d - -
				£			3,300	-	-

EXERCISE XV (D) —No 12

A TRADING ACCOUNT deals with purchasing and manufacturing expenses.

A PROFIT AND LOSS ACCOUNT deals with selling, distribution, and administration expenses.

POSITION OF ITEMS IN ACCOUNTS

TRADING		PROFIT AND LOSS	
Purchases	Returns	Depreciation	Commission
Carriage and Freight	Packages	Debenture Interest	Advertising
Wages	Fuel	Allowances	Discounts
Stocks on hand	Sales (being Turnover)	Bad Debts	Directors' Fees

All deal with expenses of manufacture or are directly related to Trading.

All are expenses of selling distribution or administration.

THE SPEEDY MOTOR CAR CO. LTD.

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES				PROPERTIES AND ASSETS			
Nominal Capital—				Plant and Machinery			
10,000 Ordinary Shares of £1 each	£	s	d	Less Depreciation	£	s	d
20,000 6% Preference Shares of £1 each	10 000				1 306	6	1
	20 000						
	10 000			Future and fittings	1 126	17	8
				Less Depreciation	112	13	
					28 000		
				Less Depreciation	1 400		
				Stock	26 600		
				Sundry Debtors	1 496	10	9
				Cash Earnings due from Drivers	89	17	3
				Cash in hand	171	8	3
				Preliminary Expenses	28	9	3
				Less Amount written off			
				Insurance Paid in Advance	305	19	
					170	1	6
					31,172	9	5

EXERCISE XV (D)—No 14

JOURNAL

19 .		£	s	d	£	s	d
	Business Purchase Account To Vendors For purchase price of business	40 000			40 000		
	Vendor's Account To Share Capital Account For issue of 4 000 shares of £10 each as fully paid to vendors as payment of purchase price of business	40 000			40 000		
	Property Account To Share Capital For issue of 2 000 shares of £10 as fully paid to sundry persons for purchases of property	20 000			20 000		
	Sundry Shareholders/or Calls A/c To Share Capital For £5 called up on 8 000 shares	40 000			40 000		
	Share Capital Account To Forfeited Shares Account Calls Account For 750 shares of £10 each to having been called forfeited for not payment of sums due there on as per Resolution No	3 750			2 000 1 750		
		£143 750			£143 750		

CASH BOOK
(DEBIT SIDE)

		Details			Bank		
19		£	s	d	£	s	d
	To Calls Account as under—						
	6 000 @ 15 per share	30 000		—			
	1 250 @ £4 per share	5 000		—			
	500 @ 13 per share	1 500		—			
	250 @ £2 per share	500		—			
					37 000	—	—
					£ 37 000		

EXERCISE XV (D)—No 14 (contd.)

A LIMITED COMPANY

BALANCE SHEET

BALANCE SHEET											
CAPITAL AND LIABILITIES				PROPERTY AND ASSETS							
Nominal Capital—				Business Purchase Account				£			
25 000 Shares of £10 each				Property Account				s			
				Cash at Bank				d.			
£				£				£			
250 000								40 000			
								20 000			
								37 000			
Issued Capital—											
8 000 Shares of £10 each fully paid				60 000							
7,250 Shares of £5 each				36 250							
Less Calls in Arrears				1 250							
				35 000							
				2 000							
Forfeited Shares Account				97 000				£ 97 000			

✓ EXERCISE XV (D)—No 15

JOURNAL OF THE RICHMOND CO LTD

19		£	s	d	£	s	d
	Application Account	25 000	-	-			
	Allotment Account	25 000	-	-			
	First Call Account	25 000	-	-			
	Final Call Account	25 000	-	-			
	To Share Capital Account				100 000	-	
	£1 per share on 100 000 shares fully called by four equal instalments of 5/- each						
Jan	Bank Account	99 150					
	To Application Account				25 000	-	
	To Allotment Account				25 000	-	
	To First Call Account				25 000	-	
	To Final Call Account				24 750	-	
	Sums received from shareholders						
Feb 12	Share Capital Account	1 000	-	-			
	To Forfeited Shares Account				750	-	
	Final Call Account				250	-	
	1 000 shares of £1 each forfeited for non payment of Final Call as per Resolution No						
May 1	Capt Hayward	500	-	-			
	Forfeited Shares Account	500	-	-			
	To Share Capital Account				1 000	-	
	Re issue of 1 000 shares of £1 each at par in consideration of £500 as per Resolution No						
	Bank Account	500	-	-			
	To Capt Hayward				500	-	
	Sum received on re issue of forfeited shares						
		£202 250			£202 250		

EXERCISE XV (D)—No 16

JOURNAL OF THE BLAKEWELL MANUFACTURING CO. LTD

19		£	s	d	£	s	d
	Debenture Discount Account . . .	500	—	—			
	Debenture Holders . . .	9 500	—	—	10 000	—	—
	To Debentures						
	For the issue of £10 000 worth of						
	debentures at a discount of 5%						
	Cost of Issue of Debentures . . .	250	—	—			
	To Underwriters . . .				250	—	—
	2½% of issue of debentures.						
		£ 10 250	—	—	10 250		

CASH BOOK

(DEBIT SIDE)

				Bank
		£	s	d
To Debenture Holders		9 500	—	—

THE BLAKEWELL MANUFACTURING CO., LTD

BALANCE SHEET

LIABILITIES				ASSETS			
Debentures	£	s	d	Cash at Bank	£	s	d
Underwriters Account . . .	10 000	—	—	Cost of Issue of Debentures	9 500	—	—
	250	—	—		750	—	—
	£ 10 250	—	—		£ 10 250	—	—

Note.—The underwriting costs may have been paid in which case only "Debentures £10 000" would appear on the Liabilities side the Assets side would show "Bank £9 250 and Cost of Issue of Debentures £750."

EXERCISE XV (D)—No 17

THE GOLDEN HILL CO LTD

PROFIT AND LOSS APPROPRIATION ACCOUNT
1ST FEBRUARY 19

Dr							Cr
To Reserve Fund	£	3 600	s	d	By Profit and Loss Account	£	18 000 s d
Preference Share Dividend		5 000					
Ordinary Share Dividend		7 500					
Balance c/d		1 900					
	£	18 000				£	18 000

DIVIDEND ACCOUNT (1ST FEBRUARY 19)

Dr							Cr
To Preference Shareholders	£	3 750	s	d	By Profit and Loss Appropriation Account	£	12 500 s d
Ordinary Shareholders		7 500					
Income Tax		1 250					
	£	12 500				£	12 500

INCOME TAX ACCOUNT

Dr							Cr
				19 Feb 1	By Dividend Account	£	1 250 s d

RESERVE FUND ACCOUNT

Dr							Cr
				19 Feb 1	By Profit and Loss Appropriation A/c	£	3 000 s d

EXERCISE XV (D)—No 18

Profits prior to incorporation may be ascertained by—

- (a) Stock taking or
(b) On the basis of the First Year's Trading

When such profit has been ascertained the portion to capitalize (being profit prior to incorporation) is calculated according to what fraction the time or turnover up to date of incorporation is of the full year or total turnover of the year as the case may be

The £8 000 profit will be apportioned as follows—

- (a) On Basis of Time

As the period to 30th April is 4 months and the period to 30th June is 6 months the portion of profit to capitalize will be four sixths of £8 000 = £5 333 6s 8d

- (b) On Basis of Turnover

As one half of the turnover was received up to the date of incorporation then one half of £8 000 = £4 000 will be capitalized

MISSES BROWNSON & CO LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 19. Cr

	£	s	d	£	s	d	£	s	d
To Stock, 1st April									
" Purchases							2 056		
" Carriage							1 525		
" Wages	5 802						250		
Add Wages (unpaid)	50								
• Balance Gross Profit c/d							5 852		
							4 341		
							14 024		
To Bad Debts									
Discounts							220		
Salaries							126		
Directors' Fees							1 200		
Traveling Expenses							200		
Rates etc (1 yr to 30th Sept last)							607		
Add Rates due	50								
	50								
Interest on Bank Overdraft							100		
" Bad Debts Res (5% of £3 172)	159	12					36		
Less Old Reserve	120								
" Depreciation of Plant (amount provided)							38	12	
" Preliminary Expenses (amount written off)							60		
" Balance Net Profit c/d							100		
							1 653	8	
							£4 341		
By Sales									
" Stock, 31st March									
							11 568		
							2 456		
							£14 024		
By Trading Account b/d							4 341		
							£4 341		

MESSRS BROWN & CO LTD

[illegible]

BALANCE SHEET AS AT 31ST MARCH 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
Nominal Capital—		Premises	
8 000	0 00	1 286	0 00
Issued Capital—		Plant and Machinery	
7 920	15 00	60	0 00
7 920 Shares of £1 each 15/- paid up		less Depreciation	
10 000		1 226	0 00
Forfeited Shares Account		478	0 00
100		412	0 00
Reserve Fund Account		2 458	0 00
900		3 172	12 00
Bank Overdraft		158	12 00
38		3 013	0 00
Add Interest accrued thereon		1 488	0 00
50		95	0 00
Bills Payable		400	0 00
100		11 568	0 00
Sundry Creditors			
1 003			
Outstanding Items—			
Wages			
50			
Rates			
100			
Profit and Loss Account—			
Balance available for distribution			
11 568			

BALANCE SHEET OF Y Z & CO. LTD.
AS AT 31st OCTOBER 1939

CAPITAL AND LIABILITIES		ASSETS	
<p><i>Issued Capital—</i> 400,000 Ordinary Shares of 10s. each 100,000 7 per cent 1 reference Shares of £1 each</p> <p><i>Reserve Capital—</i> 240,000 Ordinary Shares of 10s. each, £1 by paid 40,000 7 per cent 1 reference Shares of £1 each, £1 a share £3,000 Less Calls in Arrear</p> <p>Shares Premium on 8 per cent Debentures Sundry Creditors— London Birmingham</p> <p>Expenses accrued— London Birmingham</p> <p>Staff Dividends Fund Profit and Loss Account 31st October 1938 Add profit for year— London Birmingham</p> <p>Less Dividends paid</p>	£	£	£
	400,000	Freehold Premises at cost £55,000 Plant and Machinery at cost less depreciation Vans, Horses and Lorrys at cost less depreciation	80,000 61,750 3,557
	100,000	Stocks— London Birmingham	29,172 6,512
	120,000	Sundry Debtors— London Less Reserve for Bad Debts	12,345 400
	29,800	Birmingham Less Reserve for Bad Debts	9,615 290
	12,000	Expenses paid in advance— London Birmingham	309 146
	40,000	Cash and Bank Balances— London Birmingham Cash in Transit	8,757 2,717 2,000
	7,382	Staff Pensioners Fund Investments at cost Deduction on Debentures	13,474 5,340 8,000
	2,369		
	5,340		
	8,157		
	7,234		
	4,218		
	19,709		
	9,500		
	£227,500		£227,500

LONDON JOURNAL

BIRMINGHAM JOURNAL

Birmingham Current Account To Plant and Machinery Depreciation on plant and machinery at Birmingham	£	£	£
	850	850	850

EXERCISE XV (D)---No. 22.

MACHINERY ACCOUNT

Cr

Dr		1935		1936		1937		1938		1939		1940	
		Jan 1		Jan 1		Jan 1		Jan 1		Jan 1		Jan 1	
	To Cost of Machinery		2,000										

POLICY ACCOUNT

Cr

Dr		1935		1936		1937		1938		1939		1940	
		Jan 1		Jan 1		Jan 1		Jan 1		Jan 1		Jan 1	
	To Bank--Premium		200										
	To Balance brought down												
	Bank--Premium		50										
	To Balance brought down												
	Bank--Premium		200										
	To Balance brought down												
	Bank--Premium		180										
	To Balance brought down												
	Bank--Premium		200										
	To Balance brought down												
	Bank--Premium		320										

MACHINERY REDEMPTION ACCOUNT

Cr

Dr		1935		1936		1937		1938		1939		1940	
		Dec 31		Jan 1		Jan 1		Jan 1		Jan 1		Jan 1	
	To Policy Account to reduce it to surrender value		150										
	Balance carried down		50										
	To Policy Account to reduce it to surrender value		70										
	Balance carried down		180										
	To Policy Account to reduce it to surrender value		60										
	Balance carried down		320										

EXERCISE XV (D)—No 23

AVERAGE DUE DATE			Products	
£			£	£
400	due 30th June			
440	73 days before 30th June		32 120	
200	37		9 250	
			<hr/>	41 370
700	18	beyond		12 600
<hr/>				<hr/>
£1 790	(28 770	1 790 gives 16 days)		£28 770
				<hr/>

Average due date = 30th June - 16 days = 14th June

Amount due to be paid £1 790

EXERCISE XV (D)—No 24

(a) See under Partnership Deed page 379 of *Advanced Accounts*

See under Goodwill pages 383 to 386 (inclusive) of *Advanced Accounts*

b) Goodwill is an intangible asset and rarely the fictitious asset it is so often labelled. Its value consists in the profit earning capacity represented by family trade taken over i.e. the customers on the books of the business when purchased. Goodwill is also vested in trade marks trade names and local conditions favourable to the business that has changed hands. In fact Goodwill cannot easily be defined as any one particular advantage yielded by the business purchased but its value is determinable and once created is hard to contest.

EXERCISE XV (D)—No. 25

GENERAL LEDGER ADJUSTMENT ACCOUNT (SALE'S LEDGER)

Dr		19			Mar			Cr		
		£	s	d	£	s	d	£	s	d
19	To Returns Inwards	474	8	7				19,846	10	5
Mar 31	Discounts Allowed	598	15	8				18,755	11	6
" 31	Cash	12,974	9	10				326	17	5
" 31	Bills Receivable	4,651	6	9				26	13	4
" 31	Bought Ledger (amounts transfer d)	156	4	11						
" 31	Balance c/d	20,100	12	11						
		£38,955	12	8				£38,955	12	8
	By Balance b/d				Mar 31			20,100	12	11

SAL'S LEDGER ADJUSTMENT ACCOUNT (GENERAL LEDGER)

Dr		19			Mar			Cr		
		£	s	d	£	s	d	£	s	d
19	To Balances of Debtors Accounts	19,846	10	5				474	8	7
Mar 31	" Sales to Debtors	18,755	11	6				598	15	8
" 31	" Bills Receivable (dishd acceptances)	326	17	5				12,974	9	10
" 31	" Petty Cash (items charged)	26	13	4				4,651	6	9
								156	4	11
								20,100	12	11
		£38,955	12	8				£38,955	12	8
Mar 31	To Balance b/d									

THE SIMPLEX MANUFACTURING CO

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

Dr.

DISTRIBUTION OF PROFIT ACCOUNT

62

To	Smith's Bonus (2% of £2,800)	.	.
"	] Smith's Bonus (1½% of £1,378/7/2)	.	.
<i>Balances to Capital Accounts—</i>			
G. Sykes ¼ share	:	:	:
R. Simpson, ⅓ share	:	:	:
£	s.	d.	
1903	16	10	
1902	16	36	
By Net Profit for year	.	.	.
£	s.	d.	
50	13	6	
20	13	6	
70	13	6	
3,807	13	6	
£3,878	7	2	

EXERCISE XV (D)—No 27

Dr

EAST & CO IN ACCOUNT CURRENT WITH NORTH & CO

Cr

Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro d ts	Amount	Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro ducts	Amount
19 Sept 18	To Goods	Oct 1	123	£ 12 300	4	£ 400	£ 100	19 Oct 21	By Cash	Oct 1	123	£ 5 535	4	£ 180	£ 45
Nov 1	Cash	Nov 1	82	15 000	3	495	165	Dec 19	Goods	Dec 1	62	15 500	2	500	250
Dec 1	Cash	Dec 1	62	9 300	2	260	150	Jan 1	Goods	Jan 1	31	7 780	1	250	250
19 Jan 1	Cash	Jan 1	31	9 350	1	260	200	Feb 1	Goods	Feb 1	31	3 410	1	110	110
Feb 1	Balance of Interest	Feb 1					10		Balance c/d			13 785		455	72
				£ 42 560		£ 1 495	£ 727					£ 45 980		£ 1 495	£ 727

$$\text{Months } \frac{41}{12} \times \frac{91}{30} = \frac{91}{40}$$

$$£2 \ 0 \ 0$$

$$\text{Days } \frac{2779}{365} \times \frac{11}{12} = \frac{2779 \times 11}{365 \times 12}$$

$$2779 \times 3 = 8337$$

$$= £2 \ 5 \ 8$$

MPSRS DAY & WILSON

BALANCE SHEET AS AT

LIABILITIES				ASSETS			
£	s	d	£	s	d	£	s
Mortgage on Factory			1,000	-	-	Cash	2,620
Bills Payable			416	15	-	Bank	212
Sundry Creditors			826	5	7	Bills Receivable	100
Capital Accounts—						Loan to J. Smith	1,452
Arthur Wilson	5,186	16				Sundry Debtors	721
Henry Day	1,500	-				Stock	72
						Office Furniture	1,200
						Machinery	2,500
						Freehold Factory	42
						Sundry Expenses (prepaid)	
							£8,929
							16
							9

EXERCISE XV (D)—No 29

JOURNAL ENTRIES FOR ADJUSTMENTS

		£	s	d	£	s	d
19							
A	Defaulting Cashier To Sundry Debtors Sales Account	328	16	10	318	4	6
					10	12	4
	Purchases Account Sundry Creditors To Defaulting Cashier	6	8	4	72	13	8
		66	3	4			
	Sundry Creditors To Discount Account	1	13	9	1	13	9
	Petty Expenses To Defaulting Cashier	5	3	6	5	3	6
B	Loose Plant To A. Brown	95			95		
C	Sales Account To Stock Account	100			100		
D	Sundry Debtors To Bills Receivable	95			95		
		£698	7	9	£698	7	9

EXERCISE XV (E) No 1

DEBENTURE REDEMPTION FUND
INVESTMENT ACCOUNT

Dr		INVESTMENT ACCOUNT				Cr			
		£	s	d		£	s	d	
Year 1	To Cash	1 431	1	5	19 Year 1	By Balance c/d	1 431	1	5
Year 2	To Balance b/d	1 431	1	5	Year 2	By Balance c/d	2 933	13	11
	Cash invested = annual instalment + 1st year's interest	1 502	19	6					
		£2 933	13	11			£2 933	13	11
Year 3	To Balance b/d	2 933	13	11	Year 3	By Balance c/d	4 511	9	1
	Cash	1 577	15	2					
		£4 511	9	1			£4 511	9	1

EXERCISE XV (E)—No 1 (contd)

DEBENTURE REDEMPTION FUND

INVESTMENT ACCOUNT—(contd)

Dr					Cr				
Year		£	s	d	Year		£	s	d
Year 4	To Balance b/d	4,511	9	1	Year 4	By Balance c/d	6 168	2	-
	" Cash	1,636	12	11					
		£6,168	2	-			£6 168	2	-
Year 5	To Balance b/d	6 168	2	-	Year 5	By Balance c/d	7,907	11	7
	" Cash	1,739	9	7					
		£7,907	11	7			£7,907	11	7
Year 6	To Balance b/d	7 907	11	7	Year 6	By Balance c/d	9 734	-	8
	" Cash	1,826	9	1					
		£9 734	-	8			£9 734	-	8
Year 7	To Balance b/d	9 734	-	8	Year 7	By Balance c/d	11 651	16	2
	" Cash	1 917	15	6					
		£11 651	16	2			£11 651	16	2
Year 8	To Balance b/d	11 651	16	2	Year 8	By Balance c/d	13 665	9	5
	" Cash	2,013	13	3					
		£13 665	9	5			£13 665	9	5
Year 9	To Balance b/d	13 665	9	5	Year 9	By Balance c/d	15,779	16	4
	" Cash	2 114	6	11					
		£15 779	16	4			£15,779	16	4
Year 10	To Balance b/d	15 779	16	4	Year 10	By Cash	16 000	-	-
	" Cash	2 220	3	9		(Realisation of Investment)			
		£18 000	-	-			16 000	-	-

DEBENTURE REDEMPTION FUND ACCOUNT

		£ s d					£ s d		
Year 1	To Balance c/d	1 431	1	5	Year 1	By Appropriation A/c	1 431	1	5
Year 2	To Balance c/d	2 933	13	11	Year 2	By Balance b/d	1 431	1	5
						" Interest	71	11	1
						" Appropriation A/c	1 431	1	5
		£2 933	13	11			£2 933	13	11
Year 3	To Balance c/d	4 511	9	1	Year 3	By Balance b/d	2 933	13	11
						" Interest	146	13	9
						" Appropriation A/c	1 431	1	5
		£4 511	9	1			£4 511	9	1
Year 4	To Balance c/d	6 168	2	—	Year 4	By Balance b/d	4 511	9	1
						" Interest	225	11	6
						" Appropriation A/c	1 431	1	5
		£6 168	2	—			£6 168	2	—
Year 5	To Balance c/d	7 907	11	7	Year 5	By Balance b/d	6 168	2	—
						" Interest	308	8	2
						" Appropriation A/c	1 431	1	5
		£7 907	11	7			£7 907	11	7

EXERCISE XV (E)—No 1 (contd)

Dr DEBENTURE REDEMPTION FUND ACCOUNT—(contd) Cr

Year		£	s	d	Year		£	s	d
Year 6	To Balance c/d	9 734	-	8	Year 6	By Balance b/d	7 907	11	7
						Interest	395	7	8
						Appropriation A/c	1 431	1	5
		£9 734		8			£9 734		8
Year 7	To Balance c/d	11 651	16	2	Year 7	By Balance b/d	9 734		8
						Interest	486	14	1
						Appropriation A/c	1 431	1	5
		£11 651	16	2			£11 651	16	2
Year 8	To Balance c/d	13 665	9	5	Year 8	By Balance b/d	11 651	16	2
						Interest	582	11	10
						Appropriation A/c	1 431	1	5
		£13 665	9	5			£13 665	9	5
Year 9	To Balance c/d	15 779	16	4	Year 9	By Balance b/d	13 665	9	5
						Interest	683	0	8
						Appropriation A/c	1 431	1	5
		£15 779	16	4			£15 779	16	4
Year 10	To Transfer to Capital Reserve	18 000	-	-	Year 10	By Balance b/d	15 779	16	4
						Interest	788	19	10
						Appropriation A/c	1 431	3	10
		£18 000	-	-			£18 000	-	-

EXERCISE XV (E)—No 2

JOURNAL

19		£	s	d	£	s	d
	Profit and Loss Account	10 500	-	-	10 500	-	-
	To Appropriation Account						
	Transfer of balance						
	Appropriation Account	500			500		
	To Premium on Repayment of Debentures						
	Premium on repayment now provided						
	Debentures Account	10 000			10 000		
	Premium on Repayment of Debentures	500			500		
	To Debenture holders						
	Transfer of balances						
	Appropriation Account	10 000			10 000		
	To Capital Reserve Account						
	For transfer of amount of profit equal to debentures paid						
		£31 500	-	-	£31 500	-	-

EXERCISE XV (E)—No. 2 (contd.)

CASH BOOK
(CREDIT SIDE)

19		£	s	d
	By Debenture-holders	10,500		

EXERCISE XV (E)—No. 3.

Dr DEBENTURES ACCOUNT

Cr

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 1	To Debentures Redeemed Account	1,875			Year 1	By Cash	14,250		
	" Balance c/d . . .	13,125				" Discount	750		
		£ 15,000					£ 15,000		
Year 2	To Deb. Redeemed A/c	1,875			Year 2	By Balance b/d . .	13,125		
	" Balance c/d . . .	11,250					£ 13,125		
		£ 13,125					£ 13,125		
Year 3	To Deb. Redeemed A/c	1,875			Year 3	By Balance b/d . .	11,250		
	" Balance c/d . . .	9,375					£ 11,250		
		£ 11,250					£ 11,250		
Year 4	To Deb. Redeemed A/c	1,875			Year 4	By Balance b/d . .	9,375		
	" Balance c/d . . .	7,500					£ 9,375		
		£ 9,375					£ 9,375		
Year 5	To Deb. Redeemed A/c	1,875			Year 5	By Balance b/d . .	7,500		
	" Balance c/d . . .	5,625					£ 7,500		
		£ 7,500					£ 7,500		
Year 6	To Deb. Redeemed A/c	1,875			Year 6	By Balance b/d . .	5,625		
	" Balance c/d . . .	3,750					£ 5,625		
		£ 5,625					£ 5,625		
Year 7	To Deb. Redeemed A/c	1,875			Year 7	By Balance b/d . .	3,750		
	" Balance c/d . . .	1,875					£ 3,750		
		£ 3,750					£ 3,750		
Year 8	To Deb. Redeemed A/c	1,875			Year 8	By Balance b/d . .	1,875		

Dr DEBENTURES REDEEMED ACCOUNT

Cr

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 1	To Cash	1,875			Year 1	By Debentures . . .	1,875		
Year 2	To Cash	1,875			Year 2	By Debentures . . .	1,875		

and so on for successive years.

EXERCISE XV (E) No 3 (contd)

Dr		CASH BOOK		Cr	
		Year 1	By Deb Redeemed A/c	£ 1875	s d

and so on for successive years

EXERCISE XV (E) No 4

Dr		DEBENTURES ACCOUNT		Cr	
19	To Cash Transfer to Cap Res Balance c/d	£ 8500 639 27,860	s d 13 8 4 4	19	By Balance
		£ 37,000			£ 37,000
					£ 32,000

Dr		CAPITAL RESERVE ACCOUNT		Cr	
		19	By Appropriation A/c Debenture A/c	£ 8500 850	s d 13 6

Dr		CASH ACCOUNT		Cr	
19	To Balance	£ 18,000	s d	19	By Debentures (£8500 @ 93%)
					£ 8500

Dr		APPROPRIATION ACCOUNT		Cr	
19	To Capital Reserve A/c	£ 8500	s d	19	By Profit and Loss A/c
					£ 8500

EXERCISE XV (E)—No 5

Dr		5% MORTGAGE DEBENTURES						Cr			
1940 Feb 28	To Cash		£	s	d	1939 Dec 31 1940 Feb 28	By Balance Debtore Redemption Fund		£	s	d
			51,000	-	-				50,000	-	-
									1,000	-	-
			£51,000	-	-				£51,000	-	-

Dr		DEBENTURE REDEMPTION FUND						Cr			
1940 Feb 28	To Mortgage Debentures " Balance	c/d	£	s	d	1939 Dec 31 1940 Feb 28	By Balance " Funding Loan War Stock		£	s	d
			1,000	-	-				52 100	-	-
			53 760	-	-				4 040	-	-
									620	-	-
			£56 760	-	-				£56 760	-	-
						1940 Feb 28	" Balance	b/d	53 760	-	-

DEBENTURE REDEMPTION FUND INVESTMENTS

Dr		£26 400 4% FUNDING LOAN						Cr			
1939 Dec 31 1940 Feb 28	To Balance		£	s	d	1940 Feb 28	By Cash		£	s	d
			25,000	-	-				26 040	-	-
	Debtore Redemption Fund		4 040	-	-						
			£29 040	-	-				£29 040	-	-

Dr		£28,000 3½% WAR STOCK						Cr		
1939 Dec. 31 1940 Feb. 28	To Balance Debtore Redemption Fund	£	s	d	1940 Feb. 28	By Cash	£	s	d	
		27,100	-	-			27,720	-	-	
		620	-	-						
		£27,720	-	-			£27,720	-	-	

EXERCISE XV (E)—No 5 (contd)

Dr		DEBENTURE HOLDERS INTEREST ACCOUNT						Cr		
1940			£	s	d	1940		£	s	d
Feb 28	To Tax on £416 13s 4d at		104	3	4	Feb 28	By 2 months interest	416	3	4
28	By Cash		312	16						
			£416	13	4			£416	13	4

Dr		DEBENTURE INTEREST						Cr	
1940			£	s	d				
Feb 28	To 2 months interest		416	13	4				

Dr		INCOME TAX ACCOUNT					Cr		
				1940 Feb. 28	By Debenture Holders		£	s	d
							104	3	4

Dr		CASH ACCOUNT						Cr			
1940			£	s	d	1940			£	s	d
Feb 28	To Funding Loan		29 040			Feb 28	By Debenture Holders		51 100		
28	War Stock		27 720			28	Debenture Holders		312	10	
						28	Balance	c/d	5 447	10	
			56 760						£56 760		
Mar 1	Balance	b/d	5 447	10							

EXERCISE XV (E)—No 7

Dr 2000 7 PER CENT DEBENTURES OF £100 EACH *Cr*

			£	s	d				£	s	d
1934 June 30	To Cash		72 800			1929 June 30	By Cash		700 000		
30	1400 4½ per cent Debentures of £100 each					1934 June 30	Debtenture Premium £80 000 at 5 per cent £140 000 at 7 per cent		3 000		
			140 000						9 800		
			£212 800						£212 800		

Dr DEBENTURE REDEMPTION FUND *Cr*

			£	s	d				£	s	d
1934 June 30	To Debtenture Premium Account		12 800			1933 Dec 31	By Balance	b/d	108 200		
1934 30	Balance	c/d	103 400			1934 June 30	Profit on Sale of Investments		7 700		
			£116 200						£116 200		
						1934 July 1	By Balance	b/d	103 400		

Dr DEBENTURE REDEMPTION FUND INVESTMENTS *Cr*

			£	s	d				£	s	d
1933 Dec 31	To Balance	b/d	108 200			1934 June 30	By Cash Sale of £31 000 for Balance		28 700		
1934 June 30	Profit on Sale of Investments taken to Debtenture Redemption Fund		7 700			30		c/d	27 200		
			£116 200						£116 200		
1934 July 1	To Balance	b/d	27 200								

Dr DEBENTURE PREMIUM ACCOUNT *Cr*

			£	s	d				£	s	d
1934 June 30	To Debtenture Holders		3 000			1934 June 30	By Transfer to Debtenture Redemption Fund		12 800		
30	Debtenture Holders		9 800						£12 800		
			£12 800								

Dr 1400 4½ PER CENT DEBENTURES OF £100 EACH *Cr*

			£	s	d				£	s	d
1934 June 30	By 7 per cent Debenture Holders		140 000								

THE LUCIFER ELECTRICAL CO LTD
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19 .

Dr	Cr									
	£	s	d	£	s	d	£	s	d	£
To Stock, 1st Jan	21 000	-	-	15 400	-	-	15 000	-	-	61 500
.. Purchases	400	-	-	-	-	-	750	-	-	-
Add Additional Purchases										-
.. Carriage	31 800	-	-	21 400	-	-	2 500	-	-	14 250
.. Wages				700	-	-	312	10	-	-
Less Transfer to Office Furniture										-
.. Transfer to Loose Tools	250	-	-							2 187 10
.. Balance c/d, Gross Profit				31 550	10	-				-
				8 887	10	-				-
				£ 77 937	10	-				£ 77 937 10

Dr	Cr									
	£	s	d	£	s	d	£	s	d	£
To Preference Share Dividend				300	-	-				4 000
.. Debenture Reserve (5% of £8 000)				400	-	-				2 081
.. Balance to Balance Sheet .				5 381	-	-				£ 6 081
				£ 6 081	-	-				-

APPROPRIATION ACCOUNT

By Balance 1st Jan . .
 .. Profit and Loss Account .

EXERCISE XV (E)—No 8 (cont'd)

THE LUCIFER ELECTRICAL CO. LTD

[illegible]

THE LUCHER ELECTRICAL CO., LTD
BALANCE SHEET AS AT 31st DECEMBER, 19

CAPITAL AND LIABILITIES		£		s	d	£		s	d	£		s	d
<i>Nominal Capital—</i>													
80 000 6% Preference Shares of £1 each		50 000		—						5,500		—	
50 000 Ordinary Shares of £1 each		50 000		—						275		—	
										14,100		—	
		100 000		—						1 087		10	
<i>Issued and Paid-up Capital—</i>												13,042	
20 000 6% Preference Shares of £1 each 5/- paid up		5 000		—						100		—	
40 000 Ordinary Shares of £1 each, fully paid		40 000		—						100		—	
										832		10	
										150		—	
4% Debentures						45 000						982	
Debenture Interest accrued						8 000						15,000	
Reserve Account						320						—	
Sundry Creditors						2,500				14,250		—	
<i>Outstanding Items—</i>						11,200				2,187		10	
Purchases unpaid		400		—						18 500		—	
Directors' Fees		1,000		—								—	
Travellers' Commission		307		10								—	
Preference Share Dividend		300		—						568		—	
Debenture Redemption Account						2 007		10				17,934	
<i>Profit and Loss Account—</i>						400		—				2,537	
Bal available for distribution						5,381		—				2 950	
						£74,808		10				£74 808	
												10	

EXERCISE XV (E) No 9

THE FIDORADO CIGARETTE CO. LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31st MARCH 19 .

[illegible]

THE ELDORADO CIGARETTE CO., LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

Cr

Dr	£	s	d	£	s	d	£	s	d	£	s	d
To Rent	182	-	-	620	-	-	By Trading Account b/d	-	-	6,063	-	-
" Gas and Electric Light	34	-	-	-	-	-	" Balance, NET LOSS	-	-	4,236	-	-
Add Amount owing	-	-	-	-	-	-						
" Rates and Taxes	203	-	-	216	-	-						
Less Amount paid in advance	34	-	-	-	-	-						
" Licence and Insurance	209	-	-	171	-	-						
Less Insurance paid in advance	49	-	-	-	-	-						
" Trade Expenses	-	-	-	160	-	-						
" Interest and Discount	-	-	-	506	-	-						
" Bad Debts	-	-	-	3,275	-	-						
" Salaries	1,537	-	-	247	-	-						
Add Amount owing	40	-	-	-	-	-						
" Travellers' Salaries Com, etc	-	-	-	1,627	-	-						
" Printing and Postage	-	-	-	1,479	-	-						
" General Expenses	-	-	-	347	-	-						
" Advertising and Samples	-	-	-	93	-	-						
" Legal Expenses	-	-	-	904	-	-						
" Audit Fee	-	-	-	53	-	-						
" Bad Debts Reserve	609	-	-	105	-	-						
(2½% of £24,360)	-	-	-	-	-	-						
Less Old Reserve	542	-	-	67	-	-						
" Depreciation--	-	-	-	-	-	-						
Plant and Machinery	342	-	-	-	-	-						
(10% of £3,420)	-	-	-	-	-	-						
Fixtures and Fittings	87	-	-	429	-	-						
(7½% of £1,160)	-	-	-	-	-	-						
	-	-	-	£10,299	-	-	£10,299	-	-	-	-	-

EXERCISE XV (E)—No 9 (cont'd.)

THE TIDORADO CIGARETTE CO. LTD
BALANCE SHEET AS AT 31st MARCH 19

CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>								Plant and Machinery		3 420	—	—			
500 Preference Shares of £10 each		5 000	—	—				Less Depreciation		342	—	—			
25 000 Ordinary Shares of £1 each		25 000	—	—				Furniture and Fittings		1 160	—	—	3 078	—	—
£ 30 000		30 000	—	—				Less Depreciation		87	—	—			
<i>Issued Capital—</i>								Stock					1 073	—	—
500 Preference Shares of £10 fully paid					5 000			Sundry Debtors					16 455	—	—
22 179 Ordinary Shares of £1 each		22 179	—	—				(less Reserve of £609)					23 751	—	—
fully called		92						Cash in hand					1 056	—	—
Less Calls in Arrears					22 147			Rates and Insurance paid in advance					81	—	—
Sundry Creditors					22 970			Profit and Loss Account (Balance)					4 715	—	—
Salaries Owing					92										
					£ 50 209								£ 50 209		

EXERCISE XV (E) — No 10

Item	Side of Ledger	REASON
Bad Debts	Dr	Are losses to the business, being transfers of DEBITS on personal accounts
Cash	Dr	Receipts should, ordinarily, exceed payments, hence a Dr balance
Goodwill	Dr	Being a purchase for CASH, or other valuable consideration, is debited
Reserve Fund	Cr	Is represented by transfers from the CREDIT of the Profit and Loss Account

EXERCISE XV (E) — No 11

Gross Profit is generally understood to be the amount by which the SELLING price exceeds the PURCHASE or MANUFACTURING cost of that which is sold

Net Profit is generally understood to be the amount by which the gross profit exceeds the selling distribution, and administration expenses

The advantages obtained by arriving at the gross profit periodically are—

- (a) The management are assured that the cost is *less than* turnover
- (b) If the profit is small it evidences the need of inquiry into price of material or as to whether the selling price is fixed on a fair basis
- (c) If the profit is large it may prove need for adjustment of selling price to induce further trade as it does not necessarily follow that a large profit is a sign of good business Prices may be prohibitive of future custom
- (d) Fluctuations in the gross profit point generally, to the varying cost, or consumption of material, wages etc., and indicate the need for inquiry into adjustment *re* cost and sale price accordingly

EXERCISE XV (E) — No 12

See form of Petty Cash Book on page 292 of *Advanced Accounts* and under Imprest System on page 16

EXERCISE XV (E)—No 13

JOURNAL

		£	s	d	£	s	d
19 Nov 2	Henry Jones To Goods	500			500		
6	Bills Receivable To Henry Jones	500			500		
Dec 5	Bank Discount (3% on £500 for 2 mos) To Bills Receivable	49s 4	16	8			
					500		
		£1 500			£1 500		

Note—Until date of maturity discounted Bills will be stated in the Balance Sheet as under—

Contingent Liability—	£	d
Bills under Discount	500	- -

EXERCISE XV (E)—No 14

(a) The amount of Capital stated in the Memorandum of Association. The item appears on the LIABILITIES side—entered short—of the Balance Sheet.

(b) Calls in Arrears are sums due from but not paid by the shareholders. The amount is shown as a deduction from issued and paid up Capital. The item appears on the LIABILITIES side of the Balance Sheet.

(c) Loans to Limited Companies secured by a mortgage on the property (or part of the property) of the Company. The item appears on the LIABILITIES side of the Balance Sheet.

(d) Preliminary expenses are the direct expenses of a Company incidental to its formation—registration—incorporation etc. They are regarded as Capital Expenditure and appear on the ASSETS side of the Balance Sheet.

EXERCISE XV (E)—No 15

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st DECEMBER 19 Cr.

	£	s	d	£	s	d	£	s	d
To Purchases				49 000			70 000		
" Wages				15 000			6 000		
" Balance—Gross profit c/d				12 000					
				£ 76 000			£ 76 000		
To Debtenture Interest				475			12 000		
" Income Tax				25					
" Office and General Repairs				1 500					
" Directors' Fees				300					
" Discounts				200					
" Preliminary Expenses				500					
" Depreciation—									
Buildings	400								
Machinery	1,000								
				1,400					
				7,600					
" Balance, Net Profit				£ 12 000			£ 12 000		

EXERCISE XV (E)—No 15 (cont'd)

THE BRITISH MANUFACTURING CO LTD
BALANCE SHEET 31st DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£		£
Share Capital	40 000	Buildings	19 600
5% Debenture Stock	10 000	Machinery	24 000
Creditors	1 500	Stock	6 000
Income Tax unpaid	25	Debtors	6 000
Profit and Loss Account—		Cash in hand	3 525
Balance 31st Dec	7 600		
	£ 59 125		£ 59 125

EXERCISE XV (E)—No 16

See answer at end of *Advanced Accounts*

EXERCISE XV (E)—No 17

Interest may be paid to shareholders during a non revenue earning period which interest may be capitalized and regarded as part of the cost of the Works under construction. The rate per cent must not exceed 6 per cent per annum. Payment of such interest is restricted to the close of the half year next after the 1st year during which the works have been actually completed. See also *Advanced Accounts* page 651 (under Interest on Capital paid out of Capital)

EXERCISE XV (E)—No 18

Although it is permissible to so dispose of the Reserve Fund it is not considered a correct procedure. Premiums on Shares are regarded as CAPITAL profits and should be reserved for use in writing down capital losses or for writing down intangible assets such as Goodwill Preliminary Expenses etc

EXERCISE XV (E)—No 19

THE BRITISH
APPLICATION AND

No. of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	Jones, John	London		10 000	£ 1,250
2	George, D O	Flint		1 000	125
3	Flynn, Sir Wm.	Dublin		5 000	625
4	Wing, Henry	Dover		5,000	625
5	Sundry Persons			40,000	5 000
				61,000	£7,625

EXERCISE XV (E)—No 20

SOLEIL
APPLICATION AND

No of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	Rheid Robert	16 Finsbury Circus E C	Wool Broker	5 000	£ 1 250
2	Dewey, George	26 1/2 Low Pavement Nottingham	Lace Manufacturer	1 000	250
3	Richmond Robert	Eastwood Essex	Rose Grower	2 000	500
4	Ventch Florence	The Maase, Loosdrecht	Spinster	100	25
				8 100	£2 025

EXERCISE XV (E)—No 21

BALANCE SHEET AS AT

CAPITAL AND LIABILITIES		£	s	d	£	s	d
<i>Nominal Capital—</i>							
200,000 8% Preference Shares of £1 each		200 000					
300,000 Ordinary Shares of £1 each		300 000					
		£500,000					
<i>Paid up Capital—</i>							
100 000 8% Preference Shares of £1 each		100 000					
200 000 Ordinary Shares of £1 each		200,000					
					300 000		
First Mortgage Debentures					75 000		
Mortgage on Freehold Land and Buildings (as contra)					20 000		
Reserve Fund					20 000		
County Bank for Overdraft					5 000		
Trade Creditors					60 000		
Profit and Loss Account (Balance)					15,000		
					£495 000		

AERODROM CO LTD

ALLOTMENTS BOOK (ORDINARY SHARES)

No of Shares Allotted	Distinctive Numbers.		S L Fo	Amount Due on Application and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Shares Certificate	Remarks.
	From	To							
5 000 Nil	1	5 000		£ 2 500 s d	£ 1 250 s d	£ 1 250 s d	£ s d		Letter of Regret No. 1
1 000	5 001	6 000		500 - -	- - -	- - -	1 250 12s		
4 000	6 001	10 000		2 000 - -	1 375 - -	1 375 - -	- - -		
40 000	10 001	50 000		20 000 - -	15 000 - -	15 000 - -	- - -		
50 000				£ 25 000 - -	£ 17 625 - -	£ 17 625 - -	250 - -		

D'OR LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Shares Certificate	Remarks.
	From	To							
5 000 Nil	1	5 000		£ 2 500 s d	£ 1 250 s d	£ 1 250 s d	£ s d		Letter of Regret No. 1
500	5 001	5 500		250 - -	Nil - -	- - -	- - -		
2 000 Nil	5 501	7 500		1 600 - -	800 - -	800 - -	- - -		
							2s		
7 500				£ 3 750 - -	£ 1 750 - -	£ 1 750 - -	£ 25 - -		

30TH SEPTEMBER 19

PROPERTY AND ASSETS				£	s	d	£	s	d
Goodwill (at cost)							40 000	-	-
Loose Plant and Tools (as valued by the Company's Manager)							35 000	-	-
Patterns (as valued by the Company's Manager)							15 000	-	-
Fixed Assets—									
Freehold Land, at cost							20 000	-	-
Buildings at cost				39 000	-	-			
Additions at cost				2 000	-	-			
Less Depreciation									
				41 000	-	-	40 000	-	-
				1 000	-	-			
Fixed Plant and Machinery value as taken over by the Company									
Additions, at cost				140 000	-	-			
				17 000	-	-			
Less Depreciation									
				157 000	-	-	150 000	-	-
				7 000	-	-			
Floating Assets—									
Stock in Trade (as valued by the Company's Manager)							80 000	-	-
Trade Debtors				110 000	-	-			
Less Bad Debts Reserve etc.				5 500	-	-			
Preliminary Expenses							104 500	-	-
							10 500	-	-
							£ 495 000	-	-

EXERCISE XV (F)—No. 1.

Dr REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT *Cr*

19 June 30	To Sundry Members Ac- count	£ 50,000	19 June 30	By Balance	b/d	£ 50,000
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Dr PROFIT AND LOSS ACCOUNT *Cr*

19 June 30	To Sundry Members' Ac- count— Premium on Redem- ption of Redeemable Preference Shares Capital Redemption Re- serve Fund Balance	£ 5,000 50,000 5,000 <u>£60,000</u>	19 June 30	By Balance	b/d	£ 60,000
			19 July 1	By Balance	b/d	5,000

SUNDRY MEMBERS (REDEEMABLE PREFERENCE SHARES) ACCOUNT

Dr *Cr*

19 June 30	To Bank	£ 55,000	19 June 30	By Redeemable Preference Share Capital Account Profit and Loss Account Premium of 2s per Share on Redemption	£ 50,000 5,000 <u>£55,000</u>
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Dr CAPITAL REDEMPTION RESERVE FUND *Cr*

			19 June 30	By Profit and Loss Account Amount transferred in respect of redemption of Redeemable Prefer- ence Shares	£ 50,000
--	--	--	---------------	--	-------------

(SUMMARY) BALANCE SHEET AS AT 30TH JUNE 19 .

<i>Liabilities</i>	£	<i>Assets</i>	£
Nominal Capital		Sundry Assets	200,000
Capital Issued and Subscribed— 100,000 Ordinary Shares of £1 each fully paid	100,000	Bank Balance (£85,000 - £55,000)	30,000
50,000 Redeemable Prefer- ence Shares of £1 each, fully paid	50,000		
Less Redeemed	50,000		
Capital Redemption Reserve Fund	50,000		
Sundry Creditors	75,000		
Profit and Loss Account	5,000		
	<u>£230,000</u>		<u>£230,000</u>

EXERCISE XV (F)—No 2

JOURNAL

	£	s	d	£	s	d
5% Redeemable Preference Share holders To 5% Redeemable Preference Share Capital Account Amount due on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
Bank To 5% Redeemable Preference Shareholders Amount received on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
6% Redeemable Preference Share Capital Account To 6% Redeemable Preference Shareholders Transfer of share capital redeemable	50 000	—	—	50 000	—	—
6% Redeemable Preference Share Premium Account To 6% Redeemable Preference Shareholders 5% premium on redemption of 50 000 £1 6% Redeemable Preference Shares	2 500	—	—	2 500	—	—
Profit and Loss Appropriation Account To Capital Redemption Reserve Fund Profit set aside to meet requirements of Sect 64 of the Companies Act 1929	32 500	—	—	32 500	—	—
Capital Redemption Reserve Fund (or Profit and Loss Appropriation Account) To 6% Redeemable Preference Share Premium Account Writing off of premium	2 500	—	—	2 500	—	—
	£127 500	—	—	£127 500	—	—

EXERCISE XV (F)—No 3.

6% REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

Dr								Cr
19 Sept 1	To Members' Account	£	200,000	19 Sept. 1	By Balance	£	200,000	

Dr		MEMBERS ACCOUNT				Cr		
19 Sept 1	To Cash	£	200,000	19 Sept. 1	By 6% Redeemable Preference Share Capital Account	£	200,000	

Dr		BANK ACCOUNT				Cr		
19 Sept 1	To Application and Allotment inclg Premium	£	112,500	19 Sept. 1	By Members Account	£	200,000	

Dr		CAPITAL REDEMPTION RESERVE FUND ACCOUNT				Cr		
				19 Sept. 1	By General Reserve Fund	£	87,500*	

Dr		GENERAL RESERVE ACCOUNT				Cr		
19 Sept 1	To Capital Redemption Reserve Account Balance	£	87,500	19 Sept 1	By Balance	£	125,000	
			37,500					
			£125,000				£125,000	
				19 Sept. 1	By Balance	b/d	37,500	

Dr		5% PREFERENCE SHARE CAPITAL ACCOUNT				Cr		
				19 Sept. 1	By Application and Allotment	£	75,000	

Dr		APPLICATION AND ALLOTMENT ACCOUNT				Cr		
19 Sept 1	To 5% Preference Share Capital Premium on Shares Account		75,000	19 Sept 1	By Bank Account	£	112,500	
			37,500					
			£112,500				£112,500	

Dr		PREMIUM ON SHARES ACCOUNT				Cr		
				19 Sept 1	By Application and Allotment Account	£	37,500	

* Nominal Value of Shares Redeemed : : £200,000
 Less Cash for New Shares (including Premiums) : : 112,500
 £87,500

EXERCISE XV (F)—No 4

REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

Dr

Cr

		£	s	d			£	s	d
19 Mar 31	To Preference Capital Redemption Account	6 000	-		19 Mar 31	By Balance	6 000	-	

Dr

PROFIT AND LOSS ACCOUNT

Cr

		£	s	d			£	s	d
19 Mar 31	To Capital Redemption Reserve Fund	6 000	-		19 Mar 31	By Balance	11 500	-	
	Preference Capital Redemption Account								
	Premium of 2s a share on 6 000 shares	600							

Dr

CAPITAL REDEMPTION RESERVE FUND

Cr

		£	s	d			£	s	d
					19 Mar 31	By Profit and Loss Account	6 000		

Dr PREFERENCE CAPITAL REDEMPTION ACCOUNT Cr

		£	s	d			£	s	d
19 Mar 31	To Bank	6 600			19 Mar 31	By Redeemable Preference Share Capital Account	6 000		
						Profit and Loss Account—			
						Premium on Redemption of Redeemable Preference Shares	600		
		6 600					6 600		

Dr

BANK

Cr

		£	s	d			£	s	d
					19 Mar 31	By Preference Capital Redemption Account	6 600		

SE XV (F)—No 5
BALANCE SHEET OF BROWN, JONES & SMITH
AS AT 31ST MARCH 1937

AS AT 31ST MARCH 1937										
LIABILITIES AND CAPITAL				Assets						
	£	s	d	£	s	d		£	s	d
Creditors				1 817	-	-	Cash	-	1 396	-
Andrews Loan Account				5 450	-	-	Debtors	-	3 721	-
Capital Accounts—							Stock	-	5 600	-
Brown	8,390	-	-				Fixed Assets	-	9 600	-
Jones	7 260	-	-				Goodwill	-	4 700	-
Smith	2,000	-	-							
				17,650	-	-				
				£25 017	-	-			£25 017	-

D. REPAIRS EQUALIZATION RESERVE ACCOUNT		C.
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D: REPAIRS EQUALIZATION RESERVE ACCOUNT											
Year			£	s	d	Year			£	s	d
	To Repairs Account	c/d	76	8	12	1	By Profit and Loss Account		150	-	-
	Balance		73	12	-				150	-	-
			£150	-	-				£150	-	-
	To Repairs Account		250	-	-	2	By Balance	b/d	75	12	-
							Profit and Loss Account		150	-	-
							Balance	c/d	26	8	-
			£250	-	-				£250	-	-
	To Balance	b/d	26	8	-	3	By Profit and Loss Account		150	-	-
	Balance	c/d	123	12	-				£150	-	-
			£150	-	-				123	12	-
	To Repairs Account	c/d	84	12	-	4	By Balance	b/d	123	12	-
	Balance		189	-	-		Profit and Loss Account		150	-	-
									£273	12	-
			£273	12	-				189	-	-
						5	By Balance	b/d	189	-	-

EXERCISE XV (F)—No 8

Dr		GOODWILL				Cr		1
19 June 30	To Balance	b/d	<u>£ 1 000</u>	19 June 30	By Dissolution on Account	13	<u>£ 1 000</u>	

Dr		OFFICE FURNITURE				Cr		2
19 June 30	To Balance	b/d	<u>£ 219</u>	19 June 30	By Dissolution Account	13	<u>£ 219</u>	

Dr		SUNDRY DEBTORS				Cr		3
19 June 30	To Balance	b/d	<u>£ 1 403</u>	19 June 30	By Dissolution on Account	13	<u>£ 1 403</u>	

Dr		WORK IN PROGRESS				Cr		4
19 June 30	To Balance	b/d	<u>£ 1 462</u>	19 June 30	By Dissolution Account	13	<u>£ 1 462</u>	

Dr		CASH ACCOUNT				Cr		5
19 June 30	To Balance	b/d	<u>£ 919</u>	19 June 30	By Sundry Creditors	1	<u>£ 190</u>	
	Fowler—		64		Munday—			
	Capital Account	11			Capital Account	7	<u>180</u>	
			<u>£983</u>		Jones—			
					Capital Account	9	<u>609</u>	
							<u>£983</u>	

Dr		SUNDRY CREDITORS				Cr		6
19 June 30	To Cash	5	<u>£ 190</u>	19 June 30	By Balance	b/d	<u>£ 192</u>	

Dr		MUNDAY CAPITAL ACCOUNT				Cr		7
19 June 30	To Half Goodwill	13	<u>£ 2 038</u>	19 June 30	By Balance	b/d	<u>£ 1 500</u>	
	Furniture	13	219		Current Account	8	<u>721</u>	
	Debtors	13	660		Share of Profit on			
	Work in Progress	13	842		Dissolution	13	<u>1 740</u>	
	Cash	5	<u>180</u>					
			<u>£3 961</u>				<u>£3 961</u>	

Dr		MUNDAY CURRENT ACCOUNT				Cr		8
19 June 30	To Capital Account	7	<u>£ 721</u>	19 June 30	By Balance	b/d	<u>£ 721</u>	

EXERCISE XV (2)—No. 8 (contd.)

Dr JONES, CAPITAL ACCOUNT Cr 9

19 June 30	To Quarter Goodwill	13	£ 1,029	19 June 30	By Balance	10	£ 1,500
	Debtors	13	472		Current Account	10	295
	Work in Progress	13	931		Share of Profit on Dissolution	13	1,300
	Cash	5	609				(3,041)
			(3,041)				

Dr JONES, CURRENT ACCOUNT Cr 10

19 June 30	To Capital Account	9	£ 235	19 June 30	By Balance	b/d	£ 235
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Dr FOWLER CAPITAL ACCOUNT Cr 11

19 June 30	To Quarter Goodwill	13	£ 1,029	19 June 30	By Balance	b/d	£ 300
	Debtors	13	221		Current Account	12	354
	Work in Progress	13	538		Share of Profit on Dissolution	13	979
			(1,788)		Cash	5	64
							(1,788)

Dr FOWLER CURRENT ACCOUNT Cr 12

19 June 30	To Capital Account	11	£ 354	19 June 30	By Balance	b/d	£ 354
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Dr DISSOLUTION ACCOUNT Cr 13

19 June 30	To Goodwill	1	£ 1,500	19 June 30	By Munday—		£
	Office Furniture	2	219		Half of Goodwill	2	219
	Sundry Debtors	3	1,403		— Jones—		
	Work in Progress	4	1,462		Quarter of Good will		1,029
	Profit on Dissolution				Fowler—		
	Munday	7	1,749		Quarter of Good will	11	1,029
	Jones	9	1,305		Munday—		
	Fowler	11	679		Office Furniture	7	219
			(7,999)		Munday—		
					Debtors	7	609
					Jones—		
					Debtors	9	472
					Fowler—		
					Debtors	11	221
					Munday—		
					Work in Progress	7	842
					Jones—		
					Work in Progress	9	931
					Fowler—		
					Work in Progress	11	538
							(7,999)

EXERCISE XV (F)—No. 6

FARNDALE & MACLEOD LTD

TRAINING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

6

[illegible]

at 5% of £11 000 p.a. = 5% of £100 for 1 year

EXERCISE XV (F)—No. 9 (cont'd)

FARNDALE & MACLEOD, LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>		75 000		—	—			—	Leasehold Premises		30 500	—	—	30 195	—	—
75,000 Shares of £1 each									Less Depreciation		305	—	—		—	
<i>Issued Capital—</i>		56 250		—	—			—	Plant and Machinery		11 600	—	—	11 035	—	—
75 000 Shares of £1 each 15/- called		375		—	—			—	Less Depreciation		565	—	—		—	
Less 500 Shares Forfeited.		55 875		—	—			—	Office Furniture		65	—	—		—	
Less Calls in Arrears		75		—	—			—	Less Depreciation		3	5	—	61	15	—
<i>6% Debentures—</i>						55 800		—	Advertising Places		600	—	—		—	
500 Bonds of £10 each						5 000		—	Less ½ written off		200	—	—		—	
Debenture Interest accrued						147		5	Goodwill			—	—	400	—	—
Forfeited Shares Account						100		—	Stock			—	—	10 000	—	—
Reserve Fund						2 000		—	Sundry Debtors		11 650	—	—	4 174	—	—
Bank Overdraft						125		—	Less Bad Debts Reserve			—	—		—	—
Sundry Creditors		1 250		—	—			—	.. Discount Reserve			—	—		—	—
Less Discount Reserve		31		5	—			—			413	2	6	11 236	17	8
Wages Outstanding						1 218		15	Cash in hand			—	—	10	—	—
<i>Profit and Loss Account—</i>						500		—	Insurance prepaid			—	—	12	—	—
Current Year's Profit		2 339		12	6			—				—	—		—	—
Less Loss from previous year		100		—	—			—				—	—		—	—
						2 239		12				—	—		—	—
								6				—	—		—	—
						£67 124		12				—	—	£67 124	12	6
								6				—	—		—	—

EXERCISE XV (F)—No 10

REALIZATION ACCOUNT					
<i>Dr</i>				<i>Cr</i>	
19	To Sundry Assets				
		£	s d	£	s d
		4 894			
				By B— North Kensington Debtors Furniture	
				2 682	
				12s	
				2 807	
				C— South Kensington Debtors	
				2 087	
				£4 894	

EXERCISE XV (F)—No. 10 (cont'd)

PROFIT AND LOSS ADJUSTMENT ACCOUNT

Cr.

Dr.

19		£		s		d		19	£		s		d			£		s		d	
		£	s	d					£	s	d					£	s	d			
	To Interest Account—																				
	A, 5% of £2,500 for 1 yr	125																			
	B, 5% of £1,500 for 1 yr	75																			
	C, 5% of £1,200 for 1 yr	60							260												
	To Balance, Net Profit—																				
	A's Share $\frac{1}{3}$	1,600																			
	B's " $\frac{1}{3}$	800																			
	C's " $\frac{1}{3}$	800							3,200												
									£3,460							£3,460					

CASH ACCOUNT

Cr.

Dr.

19.		£		s		d		19	£		s		d			£		s		d	
		£	s	d					£	s	d					£	s	d			
	To Balance								1,500												
	By A $\frac{1}{3}$															500					
	" B, $\frac{1}{3}$															500					
	" C, $\frac{1}{3}$															500					
									£1,500							£1,500					

A s CAPITAL ACCOUNT

Dr

Cr

19	To Cash Drawings B C	19		By Balance Interest Share of Profit		s	d
		£	s				
		500				2	500
		1 225				125	
		1 250				1 600	
		1 250					
		£4 225				£4 225	

B s CAPITAL ACCOUNT

Dr

Cr

19	To Cash Realization A/c i.e.— Sundry Debtors Furniture Drawings	19		By Balance Interest Share of Profit Sundry Creditors Balance due to A		s	d
		£	s				
		2 682				1	500
		125				75	
						800	
						316	
						1 250	
						£3 941	

C s CAPITAL ACCOUNT

Dr

Cr

19	To Cash Realization A/c i.e.— Sundry Debtors Drawings	19		By Balance Interest Share of Profit Balance due to A		s	d
		£	s				
		500				1	200
						60	
		2 087				800	
		723				1 250	
		£3 310				£3 310	

EXERCISE XV (F)—No. II.

APPLICATION AND ALLOT

No. of Application	Date of Application	NAME	Address.	Occupation.	No. of Shares Applied for	Amount Paid on Application.
1	19 Jan	2 Lucas, Thomas O	62 Cold Harbour Lane, Bedford	Baker	2,500	£ 625
2		2 Allen, Percy F	Park Gates Mansion, Framley	Gentleman	10,000	2,500
3		3 Simpson, Albert R.	104 High Road, Burnham	Clerk	170	30
4		3 Roberts, George T	24 Kible St. Tooting Graveney, S.W.	Barrister	1,800	450
5		4 Peters, Henry	84 High Street, Merton, London	Butcher	4,500	1,125
6		4 Greenham, Arthur O	Leethorpe Road, Cardiff	Coal Merchant	5,000	1,250
7		5 Smithers, James	Park Farm, Crimsley	Farmer	3,500	875
8		5 Thompson, Edward F	2 Shingle Street, Burton	Brewer	1,800	450
9		6 Martin, Frederick P	168 Tonge Road, Healey	Clerk	3,500	875
10		6 Short, Samuel	72 Moreton Road, Piccadilly, W	Stockbroker	150	37 10
11		7 Ruthven, Philip J	29 Lake Street, Bashton	Grocer	2,000	500
12		8 Barnard, Rufus O	15 Lipton Mansions, Thornton Heath	Major	5,500	1,375
					39,170	£9,792 10

SHAREHOLDERS' CASH

Date	Receipts.	S.L. Fo	Amount	Date	Payments.	S.L. Fo	Amount
19 Jan	2 To Application Account—			19 Jan	15 By Application Account—		
2	Lucas, T O		625	15	Simpson A. R.		30
2	Allen, P F		2,500	15	Short S.		37 10
3	Simpson, A. R.		30	15	Balance	6/1	9,725
3	Roberts, G T		450				
4	Peters H		1,125				
4	Greenham, A. O.		1,250				
5	Smithers J		875				
5	Thompson E E.		450				
6	Martin F		875				
6	Short, S		37 10				
7	Ruthven P J		500				
8	Barnard, R. O		1,375				
			£9,792 10				£9,792 10

MENTS BOOK (PREFERENCE SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Amount Paid on Allotment			Cash Returned			No of Share Certificate	Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d		
2 000	50 001	52 000		1 000	-	-	375	-	-	375	-	-	£	-	-		Letter of Regret No 3
6 000	52 001	58 000		3 000	-	-	300	-	-	500	-	-	30	-	-		
Nil																	
1 500	59 001	59 500		750	-	-	300	-	-	300	-	-					
5 500	59 501	63 000		1 750	-	-	625	-	-	625	-	-					Letter of Regret No 4
4 000	63 001	67 000		2 000	-	-	750	-	-	750	-	-					
3 000	67 001	70 000		1 500	-	-	625	-	-	625	-	-					
1 500	70 001	71 500		750	-	-	350	-	-	350	-	-					
2 000	71 501	73 500		1 000	-	-	375	-	-	375	-	-	37	10	-		
Nil																	
1 500	73 501	75 000		750	-	-	250	-	-	250	-	-					
5 000	75 001	80 000		2 500	-	-	1 125	-	-	1 125	-	-					
30 000			£	15 000	-	-	£5 275	-	-	£5 275	-	-	£67	10	-		

BOOK (PREFERENCE SHARES)

Date	Receipts	S L Fo	Amount	Date	Payments	S L Fo	Amount
19 Jan 15	To Balance	b/d	£ 9 725	19 Jan 20	By Transfer to General Cash Book		£ 15 000
" 20	Allotment Account—						
	Lucas T O		375				
	Allen P F		500				
	Roberts G T		300				
	Peters H		625				
	Greenham A O		750				
	Smithers J		625				
	Thompson E E		350				
	Martin F		375				
	Ruthven P J		250				
	Barnard R O		1 125				
			£ 15 000				£ 15 000

EXERCISE XV (F)—No 12

CALL BOOK

First Call of 5s per share made

SL Fo	NAME	ADDRESS	No of Shares Held	Amount Due		
	Barnard, R O	15 Lipton Mansions, Thornton Heath	5,000	£	s	d
	Ruthven P J	29 Lake Street, Bashton	1,500	1,250	-	-
	Martin, F P	169 Tonge Road, Kealey	2,000	375	-	-
	Thompson, E E	72 Shingle Street, Burton	1,500	500	-	-
	Smithers, J	Park Farm Brimsley	3,000	375	-	-
	Greenham A O	Leethorpe Road, Cardiff	4,000	750	-	-
	Peters H	84 High Street, Merton, S W	3,500	1,000	-	-
	Allen, O F	Park Gates Mansion, Framley	6,000	875	-	-
	Lucas T O	62 Cold Harbour Lane, Bedford	2,000	1,500	-	-
	Roberts, G T	24 Keble Street, Tooting Graveney	1,500	500	-	-
			30,000	375	-	-
				£7,500	-	-

PREFERENCE SHARES

May 5th and payable by May 20th

Amount Paid	ARREARS			Calls Paid in Advance	Remarks
	Amount	Days	Interest		
£ 250	£		£ s d	£ s d	
375					
250	250	31	1 1 5	375	Paid June 20th
750					Subject to 5% Interest
750					
500	500	31	2 2 6		Paid June 20th
875					
1 500					
500					
Nil	375	31	1 11 10		Forfeited June 25th
£6 750	£1 125		14 15 7	£375	

SHAREHOLDERS CASH BOOK

(PREFERENCE SHARES)

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 May	To First Call Account—		£ s d	19 May	By Transfer to General Cash Book	£ s d	
8	Barnard R O		1 250			6 250	
10	Ruthven P J		375				
17	Martin F P		250				
13	Thompson E E		75				
14	Smithers J		750				
16	Greenham A O		500				
17	Peterson H		875				
19	Allen P F		1 500				
20	Lucas T O		500				
			£6 750				£6 750
June 20	To First Call Account—			June 20	By Transfer to General Cash Book		
	Martin F P		250				753 3 9
	Greenham A O		500				
	Interest Account—						
	Martin F P		2 2 6				
	Greenham A O		1 1 3				
			£753 3 9				£753 3 9

EXERCISE XV (F) — No 13.

REGISTER OF TRANS

No. of Transfer	Date Transfer Registered	TRANSFERORS					
		S L Fo	NAME	ADDRESS	Occupation	S L Fo	NAME
1	19 June 23		Lake R T	16 Bradford Road, Leeds	Solicitor		Lockley N P
2	July 13		Lake, R T	16 Bradford Road, Leeds	Solicitor		Bullen F T
3	Aug 2						
4	Sept 15						
5	Nov 18		Silverlock, J P	Clerk Park, Wanthorpe	Gentleman		Finchley Arthur
6	Dec 12						Penwith Robt T

FERS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Dispositive Numbers		Amount Paid up			
			From	To				
125 Coldharpe Ave Brixton	Surveyor	200	1	200	£ 150	s	d	
		500	201	750	375			
12 Luke Street Bexley	Solicitor	1 000	24 501	25 500	750	-		
		300	25 501	25 800	275			
11 Jupiter Street Yeovil	Solicitor	500	25 801	26 300	375			
11 Tower Street Bermondsey	Leather Merchant	500	26 301	26 800	375			

EXERCISE XV (F)—No 14

JOURNAL

		£	s	d	£	s	d
19							
Jan 31	Stock	50,000	-	-			
	Sundry Debtors	40,000	-	-			
	Cash at Bank	5,000	-	-			
	Fixtures etc	2,000	-	-			
	Leasehold Premises	3,000	-	-			
	Goodwill	12,000	-	-			
	To Sundry Creditors				12,000	-	-
	„ Vendors' Account				100,000	-	-
		£112,000	-	-	£112,000	-	-

Dr

BANK ACCOUNT

Cr

		£	s	d		£	s	d
19	To Balance	5,000	-	-	19	By Vendor	100,000	-
	„ Shareholders	50,000	-	-		„ Balance c/d	5,000	-
	„ Debenture holders	50,000	-	-				
		£105,000	-	-			£105,000	-

Dr

VENDORS ACCOUNT

Cr

		£	s	d		£	s	d
19	To Cash	100,000	-	-	19	By Sundrys	100,000	-

EXERCISE XV (F) No 14 (contd)

Dr SUNDRY SHAREHOLDERS Cr

19	To Share Capital	£	50 000	s	d	19	By Cash	£	50 000	s	d
----	------------------	---	--------	---	---	----	---------	---	--------	---	---

Dr DEBENTURE HOLDERS Cr

19	To Debentures	£	50 000	s	d	19	By Cash	£	50 000	s	d
----	---------------	---	--------	---	---	----	---------	---	--------	---	---

Dr SHARE CAPITAL ACCOUNT Cr

						19	By Shareholders	£	50 000	s	d
--	--	--	--	--	--	----	-----------------	---	--------	---	---

Dr DEBENTURES Cr

						19	By Debenture holders	£	50 000	s	d
--	--	--	--	--	--	----	----------------------	---	--------	---	---

TRIAL BALANCE

	£	s	d	£	s	d
Bank Account	5 000					
Stock	50 000					
Sundry Debtors	40 000					
Fixtures etc	2 000					
Leasehold Premises	3 000					
Goodwill	12 000					
Sundry Creditors				12 000		-
Share Capital Account				50 000		-
Debentures				50 000		-
	£112 000			£112 000		

EXERCISE XV (F)—No 15

CONVERTED RANGOON TRIAL BALANCE

	Rate of Ex- change						
		£	s	d	£	s	d.
Cash at Bank . . .		12,358	3	1			
Cash in hand . . .		1,284	12	8			
London Account . . .					17,938	1	10
General Reserves . . .					5,018	19	10
Stocks . . .	All	21,839	13	7			
Advances to Natives . . .	at	15,000	-	-			
Buildings, etc . . .	1/4	3 085	7	8			
Sundry Debtors . . .		5 864	5	1			
Payments in Advance . . .		200	-	-			
Reserve for Bad Debts . . .					193	6	8
Sundry Creditors . . .					36 541	13	9
		£ 59 632	2	1	59 632	2	1

HEAD OFFICE TRIAL BALANCE (ADJUSTED)

	£	s	d	£	s	d.
Bills Receivable . . .	2 000	-	-			
Investments . . .	14 000	-	-			
Stocks . . .	600					
Sundry Debtors . . .	3 000					
Payments in Advance . . .	500		-			
Properties . . .	25 000	-	-			
Profit and Loss (Balance) . . .	21 200					
Rangoon Account . . .	17 938	1	10			
Goods in Transit Account . . .	821	18	2			
Cash at Bank . . .	3 500					
Cash . . .	40	-	-			
Share Capital . . .				70 000		-
Bills Payable . . .				5 500		-
General Reserves . . .				8 000		-
Reserve for Debtors . . .				100		-
Sundry Creditors . . .				5,000		-
	£ 88,600	-	-	88 600		-

EXERCISE XV (F)—No 15 (contd)

THE EASTERN CO LTD

BALANCE SHEET AS AT 31st DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d
Nominal Capital— 70 000 Shares of £1 each	70 000						Properties Built & Plant etc Rangoon London	3 085 95 000	7	8
Issued Capital— 70 000 Shares of £1 each fully paid				70 000			Stock— Rangoon London	21 839 600	13	7
General Reserves— Rangoon Branch London	5 018 8 000	19	10	14 018 5 500	19	10	Good n Transit Sundry Debtor — Rangoon London	5 804 3 000	5	1
D's Payable Sundry Creditors— Rangoon Branch London	36 41 5 000	13	9	41 541	13	9	Less Bad Debts Reserve— Rangoon London	8 864 100	5	1
							Advances to Nat ves Payments n Advance Investments Bills Receivable Bank Cash	233 15 858 1 324	6	8
							Profit and Loss A/c (London)			
				£130 060	13	7		8 630 15 000 700 14 000 2 000		
								17 182 21 200	15	9
								£130 060	13	7

EXERCISE XV (F)—No. 16

THE CALL MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31st DECEMBER, 19

Cr.

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1 Jan.				3	7	14	19	By Sales	20	3	14	17	10
" Purchases	10	6	17	13	4			Less Returns	3	0	7	12	9
Less Returns Outward	1	9	19	5							20	0	0
								" Stock, 31st Dec.			4	4	0
				10	4	20	15						
" Manufactg Wages				6	9	0	1						
" Manufactg Expenses				1	9	2	4						
" Carriage Inwards				4	7	1	10						
" Factory Fuel and power				1	7	2	19						
Balance Gross				2	5	3	19						
Profit c/d				2	4	4	0				2	4	4
				2	4	4	0				2	4	4

EXERCISE XV (F)—No 16 (contd.)

THE CALL MANUFACTURING CO LTD

TRADING AND PROFIT AND LOSS ACCOUNT (contd.)

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d		£	s	d		£	s	d
To Rates Taxes and Insurance	472	10	7					By Trading Account			
Less amt prepaid	5	10	6					Gross Profit b/d	2535	19	9
				467		1		Rent sub let	25		
" Office and Manager								Transfer Fees		2	6
Salaries				1 99	10	6		Discount	14	7	3
Office Expenses				217	14	11		Bal Net Loss	417	8	-
Carriage Outwards				314		11					
Lighting & Heating				74	16	1					
" Audit Fees and											
Legal Expenses				124	4	9					
Travelling Expenses				95	4	11					
Repairs				89	14	9					
Provision for Bad Debts Reserve	430	17	3								
Less Bal 1st Jan	315	9	4								
				115	7	11					
" Depreciation—											
Plant and Mach (10% of £194 13s 4d)	194	5	4								
Furniture and Fittings (5% of £134 6s 8d)	6	14	4								
				00	19	8					
				£299	14	6					
									£192	14	6

THE CALL MANUFACTURING CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS					
£	s	d		£	s	d	£	s	d
Issued Capital				Freehold Premises			3 200	-	-
10 000 Ordinary Shares of £1 each	20 000			Plant & Machinery	1 947	13	4		
Issued Capital				Less Depreciation	194	5	4	1 748	8
10 000 Ordinary Shares of £1 each fully called			10 000	Furniture & Fittings	134	5	8		
Less Calls in Arrear			250	Less Depreciation	8	14	4	127	12
			10 750	Goodwill			7 000	-	-
Bills Payable	984	8	1	Stock			4 407	1	5
Sundry Creditors	3 410	5	9	Sundry Debtors	8 617	5	-		
				Less Debtors Reserve	430	17	3	8 186	7
				Cash at Bank	240	9	10		
				Cash in Hand	3	4		249	13
								25	
				Rent Sub-let				5	10
				Insurance prepaid					6
				Balance of Profit & Loss Account			200		
			£ 70 144	13	10		£ 20 144	13	10

EXERCISE XV (F)—No 17.

The invoices for drums received will be recorded in an analysed Purchase Day Book, containing a money column and a number column for drums bought. The individual invoice totals should be posted to the credit of the accounts of the respective suppliers, and the total of the drums column to the debit of the Drums Account. On the issue of drums the charge therefor should be included in the invoice and entered in the Sales Day Book, having two analysis columns in addition to the regular ones. These two columns should be used to analyse the charge for goods and for drums and provision should be made for a column giving facilities for ascertaining the total number of drums issued. The Returns Inwards Book should be analysed in the same way as the Sales Day Book. The respective drums columns totals in these two books should be posted to the credit and debit of the Drums Account. This Account would then appear as follows—

DRUMS ACCOUNT

Dr

Cr

		To or by Drums	Price	Value		No. of Drums	Price	Value
19. Jan 1	To Stock in Works— Second hand Drums. New Drums.	4 000 1 000	4/- 5/6	1600 275				
June 30	Stock in Customers' Hands Purchases Drums returned by Customers Reserve against Debtors	10 000 6 000 2 000	4/- 5/6 6/-	2 250 1 800 400	By Reserve against Debtors Drums returned to Customers Stock in Works— Second hand Drums New Drums Stock in Customers' Hands Profit and Loss Account	1 000 7 000 8 000 2 000 2 000 4 000	6/- 6/- 4/- 5/6 4/-	600 2 100 1 600 550 400 1 475
		24 000		£6 425		24 000		£6 425

It will be necessary at balancing time to adjust the sundry debtors to their net value for goods sold by debiting the Drums Account with the drums in their hands at 6s each, carrying down the £600 and deducting this figure from the gross debtors in the Balance Sheet. The value of the drums in the hands of debtors must then be taken into the Drums Account as stock at a valuation and their value shown in the Balance Sheet as stock of drums in the hands of customers.

EXERCISE XV (G)—No 1

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendor Purchase price of business	20 000			20 000		
Freehold Property	5 500					
Plant and Machinery	2 000					
Stock	7 000					
Office Furniture	200					
A Arnold	450					
N Norman	550					
Goodwill	5 550					
To Business Purchase Account Being sundry assets taken over				21 250		
Business Purchase Account To K Kirkdale N Norton Being creditors taken over	1 200			700		
				500		
Business Purchase Account To Bad Debts Reserve Reserve for bad debts created	50			50		
Vendor To Ordinary Share Capital A/c Preference Share Capital A/c Bank Being shares and cash paid in discharge of purchase price	20 000			10 000		
				5 000		
				5 000		
	£62 500			£62 500		

EXERCISE XV (G)—No 2

JOURNAL

	£	s	d	£	s	d
Business Purchase Account	40,000					
To Liquidator of old company				40 000		
Agreed price of business as per contract dated						
Liquidator of old company	40,000					
To Ordinary Share Capital Account				40,000		
40 000 fully paid £1 shares issued in satisfaction of purchase price of business as per contract dated						
Business Purchase Account	28,107					
To Sundry Creditors				24,725		
To Reserve for Bad Debts				1,382		
Creditors taken over and bad debts reserve of old company continued						
Patents and Trade Mark	8,003					
Plant and Machinery	21,674					
Stock	15,306					
Sundry Debtors	23,124					
To Business Purchase Account				68,107		
Transfer of assets acquired under contract dated						
	£172,214			£172,214		

No 3
TRADING AND PROFIT AND LOSS ACCOUNTS OF GEORGE RIDLEY LTD

FOR THE YEAR ENDED 31ST MARCH 1937

	£	s	d	£	s	d
To Carriage on Sale						
Office Salaries				188		
Travellers Salaries and Commission				740		
Rates and Insurance				750		
Office Expenses				79		
Bad Debt				484		
Motor Lorries Runnel & Expenses				528		
Directors Fees				235		
Depreciation of Motor Lorries				200		
Depreciation of Office Fithings	340	52				
By Net Trading Profit carried to Section III				302		
				6 527		
				£10 110		
To Interest on Loan				0		
Preliminary Expenses written off				400		
Goodwill written off				782		
By Net Profit				5 389		
				£6 527		

EXERCISE XV (G) No 4

ORDINARY SHARE CAPITAL ACCOUNT

Dr			Cr
	£	s d	£
	62 500		100 000
			By Balance

To Capital Reduction Account—
Reduction of 100 000 shares from £1 to 2s 6d

PREFERENCE SHARE CAPITAL ACCOUNT

Dr			Cr
	£	s d	£
	12 500		50 000
			By Balance

To Capital Reduction Account—
Reduction of 50 000 shares from £1 to 1s

CAPITAL REDUCTION ACCOUNT

Dr			Cr
	£	s d	£
To Information Expenses	6 000		62 500
To Profit and Loss Account	64 000		12 500
To Stock in Trade	5 000		£75 000
	£75 000		
			By Ordinary Share Capital Account
			Preference Share Capital Account

FORMATION EXPENSES

Dr			Cr
	£	s d	£
To Balance	6 000		6 000
			By Capital Reduction Account

EXERCISE XV (C) -- No. 4 (contd.)

PROFIT AND LOSS ACCOUNT

Dr		Cr	
To Balance	£24,000	By Cash Recd from Accounts	£24,000

STOCK IN TRADE

Dr		Cr	
To Balance	£24,000	By Capital Reduction Accounts	£24,000

BALANCE SHEET OF AUTOGOWILL MOTOR CO LTD (AND REVERSED) AS AT 31ST MARCH 1951

CAPITAL AND LIABILITIES		ASSETS	
Authorized Capital 10,000 Ordinary Shares of 7s 6d each £37,500	£37,500	Fixed and Machinery at cost less depreciation £17,600	£17,600
Called up fully paid up Less Calls in Arrears	£17,500 Nil	Motor Vehicle at cost less depreciation £17,600	£17,600
50,000 Preference Shares of 10s. each, fully called up Less Calls in Arrears	£50,000 Nil	Stock in Trade	£45,000
6 per cent Debentures Sundry Creditors	£150,000 £1,500	Sundry Debtors	£1,500

EXERCISE XV (G) - No 5

JOURNAL OF STRUCTURES LTD

	£	s	d	£	s	d
Erectors Ltd To Realization Account Being agreed purchase price of business assets	122 800	-	-	122 800		
Realization Account To Freehold Premises Plant and Machinery Stock in Trade Work in Progress Sundry Debtors Cash at Bank and in Hand Assets sold to Erectors Ltd	130 300	-	-	40 000 50 000 14 700 8 300 15 280 1 970		
Sundry Creditors To Erectors Ltd Creditors taken over by Erectors Ltd	19 800			19 800	-	-
Shares in Erectors Ltd To Erectors Ltd 30 000 Shares in Erectors Ltd at 2s each issued to outside share holders in Structures Ltd	37 500	-	-	37 500		
Share Capital Account To Shares in Erectors Ltd Distribution to shareholders of Shares in Erectors Ltd	37 500	-	-	37 500	-	-
Share Capital Account To Realization Account Profit and Loss Account Transfer of losses	50 000	-	-	7 500 42 500	-	-
Debentures Share Capital Account To Erectors Ltd Cancellation of Debentures and Share held by Erectors Ltd	53 000 12 500	-	-	65 500	-	-
	463 400			463 400		

EXERCISE XV (G)—No 5 (contd.)

JOURNAL OF ERECTORS, LTD

	£	s	d	£	s	d
Business Purchase Account	103 000	-	-			
To Structures, Ltd				103,000	-	-
Agreed purchase price of business						
Business Purchase Account	19,800	-	-			
To Sundry Creditors				19 800	-	-
Liabilities taken over						
Freehold Premises	35,000	-	-			
Plant and Machinery	47,500	-	-			
Stock-in Trade	14,700	-	-			
Work in Progress	8 350	-	-			
Sundry Debtors	15 280	-	-			
Cash at Bank and in Hand	1,970	-	-			
To Business Purchase Account				122,800	-	-
Transfer of assets acquired						
Structures, Ltd	103 000	-	-			
To Share Capital Account				30,000	-	-
.. Share Premium Account				7,500	-	-
.. Investments—						
Debentures in Structures Ltd				53,000	-	-
Shares in Structures Ltd				12,500	-	-
30,000 Shares issued at 25s each including 5s premium and cancellation of Debentures and Shares						
Profit and Loss Account	5,000	-	-			
To Shares in Structures, Ltd				5 000	-	-
Loss on investment written off						
	£353 600	-	-	£353 600	-	-

EXERCISE XV (G)—No 6

(a) Strictly speaking there should have been an actual stocktaking on 1st June 1936 and Final Accounts prepared then. As however this has not been done, the profits for the year ended 30th September 1936 should be ascertained. If any amount has been charged in these accounts for directors' remuneration it should be added back to the profit for the year, the resulting figure being apportioned between the pre-incorporation and the incorporation period in the proportions that the pre-incorporation period turnover and the incorporation period turnover bear to the total turnover. Assuming the net profit for the year after charging £700 for directors' fees is £7,000 and the turnover is £70,000, of which £40,000 was effected before 1st June 1936, the pre-incorporation profits will be—

$$\frac{(\pounds 7,000 + \pounds 700) \times 40,000}{70,000} = \frac{\pounds 7,700 \times 4}{7} = \pounds 4,400$$

The remainder of the profit is attributable to the post-incorporation period

(b) The pre-incorporation profits should be put to the credit of a Capital Reserve Fund

EXERCISE XV (G)—No 7

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendors (X and Y) Agreed purchase price of business	18 500			18 500		
Business Purchase Account To Sundry Creditors Bills Payable Loan on Mortgage Reserve for Bad Debts Liabilities and reserve taken over	6 600			3 500 400 2 200 500		
Bank Sundry Debtors Bills Receivable Stock in Trade Plant and Machinery Land and Buildings Patterns and Models Loose Tools To Business Purchase Account Transfer to asset accounts of assets acquired	300 2 500 500 7 000 3 500 3 000 1 000 800			21 600		
Goodwill To Business Purchase Account Value of goodwill represented by balance of Business Purchase Account	3 500			3 500		-
Vendors (X and Y) To Ordinary Share Capital Account 5 per cent Cumulative Preference Share Capital Account Issue of 12 000 Ordinary Shares and 2 000 Preference Shares in part satisfaction of purchase price of business	17 000			12 000 5 000		
	£67 900			£67 200		

Dr

CASH BOOK

Cr

To Balance	£	s	d	By Vendors (X and Y)	£	s	d
	300				1 500		

EXERCISE XV (G) No 7 (cont'd)

BALANCE SHEET OF THE RAPID ENGINEERING CO LTD AS AT 1ST JANUARY 19

CAPITAL AND LIABILITIES		ASSET	
£	₹	£	₹
Authorized (as a — Ordinary Shares of £1 each 4 percent Cumulative Preference Shares of £1 each		Land and Buildings at cost Plant and Machinery at cost Loose Tools at cost Stock in Trade Sundry Debtors— On Open Accounts On Bills Receivable	5,000 3,600 800 7,000
Issued Capital— 12,000 Ordinary Shares of £1 each fully paid	12,000	£ 500	—
5,000 5½ percent Cumulative Preference Shares of £1 each fully paid	5,000	—	—
Loan on Mortgage Bank Overdraft Sundry Creditor Bills Payable	—	£ 500	—
		£ 500	—
		£ 24,300	—

FOR THE YEAR ENDED 31st DECEMBER 1939

PROFIT AND

5

To Amount written off Pre-inary Expenses
Inter m Dividend paid
Balance carried forward

EXERCISE XV (G)—No 8 (cont.)

STATE OF NEW YORK
IN SENATE
JANUARY 11, 1939.

REPORT
OF THE
COMMISSIONERS OF THE DEPARTMENT OF TAXATION AND FINANCE,
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE
MAY 11, 1937, AND A RESOLUTION PASSED BY THE SENATE
JANUARY 11, 1938.

ALBANY: J. B. LIPPINCOTT COMPANY, 1939.

	£	s	d	£	s	d	Assets	f	s	d	£	s	d
CAPITAL AND LIABILITIES Authorised Capital— 80,000 Ordinary Shares of £1 each	-	-	-	50,000	-	-	Freshhold Farm see at cost Plant and Machinery at cost <i>Add Additions 1st October 1937</i>	6,750 600	-	-	9,840	-	-
Issued Capital— 31,000 Ordinary Shares of £1 each fully paid 10,000 Ordinary Shares of £1 each, 10% per Share called up <i>Less Calls In Arrear</i>	1,000 800	-	-	21,000 4,500	-	-	<i>Less Depreciation</i> Furniture and Fittings at cost <i>Less Depreciation</i> Stock in Trade Bills Receivable Sundry Debtors <i>Less Reserve for Bad Debts</i>	7,350 1,680 1,280 84 9,840 492	-	-	6,660 1,218 8,748 219	-	-
Bills Payable Sundry Creditors <i>Gross and Loss Account</i>	-	-	-	25,500 422 3,200 11,528	-	-	A/c D. Cash at Bank Cash in hand Goodwill at Cost Preliminary Expenses <i>Less written off</i>	3,298 18 398 198	-	-	9,348 102 3,310 8,500	-	-
	-	-	-	£80,648	-	-					198	£40,648	-

EXERCISE XV (G) No 9

JOURNAL

	£	s	d	£	s	d
Share Capital Account To Capital Reduction Account 60 000 Shares of £1 each fully paid reduced to 60 000 Shares of 5s each fully paid as per resolution dated	45 000	-	-	45 000	-	-
Premium on Shares Account To Profit and Loss Account Transfer of premium as per resolution dated	600	-	-	600	-	-
Capital Reduction Account To Profit and Loss Account Goodwill Plant and Machinery Stock Reserve for Bad Debts Freehold Property Amounts written off as per resolution dated	45 000	-	-	19 650 10 000 9 240 4 094 1 500 516	-	-
	£90 600	-	-	£90 600	-	-

BALANCE SHEET

	£		£	£
Capital— Authorized and issued 60 000 Shares of 5s each fully paid	15 000	Freehold Property		8 514
Sundry Creditors	40 350	Plant and Machinery		10 000
		Stock		16 376
		Sundry Debtors	21 290	
		Less Reserve for Bad Debts	1 500	
		Cash		19 790
	£55 350			670
				£55 350

EXERCISE XV (G)—No 10

(i) A company issuing bonus shares is enabled to utilize the assets represented by the profit made as additional working capital. From the shareholders' point of view they receive shares which they can turn into cash by selling them if they so desire; their original holdings still remaining intact.

If the profits are not largely increased the distribution of profits over a larger number of shares will reduce the rate of dividend paid. This may be considered expedient to conceal from workers the fact that high dividends are being paid. If the company desires to maintain the same rate of dividend

as before it will have considerably to modify its reserve policy unless it earns larger profits

The issue of bonus shares may encourage speculative dealings in the shares, and cause the market value of the shares to fall though the market value of the total holding may be greater

No sur tax is payable on a bonus share distribution

(n)

JOURNAL

	£	s	d	£	s	d
Reserve Account To Bonus Account Bonus payable out of reserve in fully paid shares as per resolution dated	10 000	-	-	10,000	-	-
Bonus Account To Share Capital Account Issue of 10 000 bonus shares of £1 each in payment of bonus at the rate of one bonus share for every ten shares held in the company on an issued capital of £100,000	10 000	-	-	10 000	-	-
	£20,000	-	-	£20 000	-	-

EXERCISE XV (G)—No 11

JOURNAL

19		£	s	d	£	s	d
	Reserve Account To Bonus Account Bonus payable out of Reserve in fully paid shares as per resolution	40 000	-	-	40 000	-	-
	Bonus Account To Share Capital Account Issue of 40 000 bonus shares of £1 each in payment of bonus at the rate of 1 bonus share for every 5 shares held	40,000	-	-	40 000	-	-
		£80,000	-	-	80 000	-	-

EXERCISE XV (G)—No 12

JOURNAL

19		£	s	d	£	s	d
	Final Call Account To Share Capital Call of 5s per share on 150 000 shares as per resolution	37 500	—	—	37 500	—	—
	Reserve Fund Account To Bonus Account Bonus of 33½% on £112 500 paid up capital	37 500	—	—	37 500	—	—
	Bonus Account To Final Call Account Application of bonus in payment of final call	37 500	—	—	37 500	—	—
		<u>£112 500</u>			<u>£112 500</u>		

EXERCISE XV (G)—No 13

JOURNAL

	£	s	d	£	s	d
Ordinary Share Final Call Account To Ordinary Share Capital Acct Call of 3s 4d per share on 100 000 shares as per resolution dated	16 666	13	4	16 666	13	4
Reserve Fund To Bonus Account Bonus of 20 per cent on £63 333 6s 8d paid up Capital declared out of reserve fund as per resolution dated	16 666	13	4	16 666	13	4
Bonus Account To Ordinary Share Final Call A/c Application of Bonus to discharge of Final Call as per resolution dated	16 666	13	4	16 666	13	4
	<u>£50 000</u>			<u>£50 000</u>		

EXERCISE XV (G)—No. 14.

JOURNAL OF BLACK & WHITE

(The entries to close books of old firm)

19		£	s	d	£	s	d.
	Realization Account . . .	50,950	-	-			
	To Land and Buildings . . .				22 065	-	-
	" Machinery and Plant . . .				12,800	-	-
	" Stock . . .				10,760	-	-
	" Sundry Debtors . . .				4 250	-	-
	" Investments . . .				1,075	-	-
	A Company . . .	60,000	-	-			
	To Realization . . .				60,000	-	-
	Bank (for sale of Investments) . . .	1,075	-	-			
	To Realization . . .				1,075	-	-
	Realization Account . . .	10,125	-	-			
	To J Black . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	" W White . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	Bank . . .	10 000	-	-			
	Shares in A Company . . .	50 000	-	-			
	To A Company . . .				60 000	-	-
	Sundry Creditors . . .	3,700	-	-			
	To Bank . . .				3,700	-	-
	J Black's Capital Account . . .	30,000	-	-			
	W White's Capital Account . . .	20,000	-	-			
	To Shares in A Company . . .				50,000	-	-
	J Black's Capital Account . . .	5 062	10	-			
	W White's Capital Account . . .	5,062	10	-			
	To Bank . . .				10 125	-	-
		£245 975	-	-	£245 975	-	-

JOURNAL OF A COMPANY

(The entries to open the books of the new company)

19..		£	s	d	£	s	d.
	Land and Buildings . . .	22 065	-	-			
	Machinery and Plant . . .	12 800	-	-			
	Stock . . .	10 760	-	-			
	Sundry Debtors . . .	4 250	-	-			
	Goodwill . . .	10,125	-	-			
	To J White & W Black . . .				60 000	-	-
	(Vendors)						

EXERCISE XV (G)—No 14 (*contd*)JOURNAL OF A COMPANY—(*contd*)
(*The entries to open the books of the new company*)

19		£	s	d	£	s	d
	Messrs J White & W Black (Vendors) To Ordinary Share Capital Bank	60 000			50 000 10 000	-	-
	Sundry Shareholders To Ordinary Share Capital	50 000	-		50 000		
	Bank To Sundry Shareholders	50 000			50 000		-
		£220 000	-	-	£220 000		

EXERCISE XV (G)—No 15

JOURNAL OF THE BIRGET ENGINEERING CO LTD

19 July		£	s	d	£	s	d
	Application A/c (Ordinary Shares) To Ordinary Share Capital £1 per share on 1 100 shares	1 100	-		1 100	-	
	Application A/c (Preference Shares) To Preference Share Capital £1 per share on 5 000 shares	5 000			5 000	-	-
9	Allotment A/c (Ordinary Shares) To Ordinary Share Capital £4 per share on 1 100 shares	4 400			4 400	-	
9	Allotment A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
9	Patents A/c To Sharp & Short (Vendors)	40 000			40 000	-	-
9	Sharp & Short (Vendors) To Ordinary Share Capital For issue of 3 900 shares of £10 each as fully paid to vendors in part payment of purchase price of patents	39 000			39 000		-
Oct 9	First Call A/c (Ordinary Shares) To Ordinary Share Capital £5 per share on 1 100 shares	5 500	-		5 500	-	-
" 9	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
		£115 000	-	-	£115 000	-	-

Dr.

CASH BOOK

Cr.

	Bank			Bank	
	£	s d		£	s d
19. July .			July 9		
To Application A/c (Ordinary Shares)	1 100	-	By Sharp & Short (Vendors)		1 000
" Application A/c (Preference Shares)	5 000	-	" Balance c/d .		34 800
" Allotment A/c (Ordinary Shares)	4 400	-			
" Allotment A/c (Preference Shares)	10 000	-			
Call A/c (Ordinary Shares)	5 500	-			
" Call A/c (Preference Shares)	9 800	-			
	£ 35 800	-		£ 35 800	-
July To Balance b/d	34 800	-			

THE BIRGHT ENGINEERING CO LTD
BALANCE SHEET AS AT 31st OCTOBER 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
£	s d	£	s d	£	s d	£	s d
Nominal and Issued Capital—							
5 000 Ordinary Shares of £10 each		50 000	-	Patents		40 000	-
fully paid				Cash at Bank		34 800	-
5 000 Preference Shares of £5 each	25 000						
fully called	200						
Less Calls in Arrears		24 800	-				
		£ 74 800	-		£ 74 800	-	-

EXERCISE XV (G)—No 16

JOURNAL

19			s	d	£	s	d
Jan	1	Business Purchase Account To Vendor's Account For purchase price of business as per agreement dated 1st Jan	60 000		60 000		
"	1	Stock in Trade	10 000				
		Machinery and Plant	25 000				
		Loose Tools	4 000				
		Bills Receivable	2 500				
		Cash at Bank	5 000				
		Goods in	10 000				
		Sundry Debtors	20 000				
		To Business Purchase Account For assets acquired as per agree- ment			76 500		
"	1	Business Purchase Account To Sundry Creditors Bills Payable Bad Debts Reserve For liabilities taken over as per agreement	16 500		10 000 5 000 1 500		
"	1	Vendor's Account To Ordinary Share Capital 25 000 shares of £1 each issued as fully paid to vendor To 5% Debentures 250 bonds of £100 each repay- able in 10 years at 10% issued as fully paid to vendor	50 000		25 000 25 000		
"	1	Application Account (Ord. Shares) To Ordinary Share Capital 10/- per share on 15 000 shares	7 500		7 500		
"	1	Allotment Account To Ordinary Share Capital 10/- per share on 15 000 shares	7 500		7 500		
		TOTAL OF JOURNAL	£218 000		£218 000		

EXERCISE XV (G)—No 16 (contd.)

Dr		CASH BOOK				Cr		
		Bank				Bank		
19		£	s	d	19	£	s	d
Jan 1	To Balance	5 000	-	-	Feb 1	By Vendor	10 000	-
	" Application Account	7 500	-	-		(Balance of purchase money)	9,800	-
	" Allotment Account	7 300	-	-		" Balance c/d	19,800	-
		£ 19 800	-	-			£ 19 800	-

Note—The totals of Journal above differ from the answer given in *Advanced Accounts*. The figures in the textbook are arrived at as follows—

	Debit Side	Credit Side
Total of Assets (including Goodwill)	£ 76,500	£
Total of Liabilities (including Vendor's Account)		76 500
<i>Journal Entries for—</i>		
(a) Vendors' Shares and Debentures	50 000	50,000
(b) Application Account	7,500	7,500
(c) Allotment Account	7,500	7,500
JOURNAL as Textbook Answer	£141,500	£141 500

THE JOHN SMITH AND STEEL NIB CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19...

[illegible]

EXERCISE XV (G) No 17 (cont'd)

THE JOHN SMITH AND SONS LBS CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (G) —No 19 (contd)

CASH ACCOUNT						Cr		
Dr								
19		£	s	d	19	£	s	d
	To Realization	14,950	-	-		By Sundry Creditors		
						A s Capital Account		
						" O s Capital Account		
		£ 14 950	-	-				
						£ 14 950		

"A receives £6 800 = (Capital Balance £6 000 + Share of Profit on Realization £800)
 " O receives £4,400 = (Capital Balance £4 000 + Share of Profit on Realization £400).

EXERCISE XV (G)—No 20

four months or $\frac{1}{4}$ of the profit viz £1 900 being profit prior to incorporation would not be available for dividend
 £4 800 could be appropriated for distribution

EXERCISE XV (G) No 21

Dr PROFIT AND LOSS ON REALIZATION ACCOUNT *Cr*

<i>Dr</i>			<i>Cr</i>		
19	To Realization Account (Lab 1 ss £25 66s Los Assets £21 8 2½)	£ 38 10 s 10	19	By Capital Accounts R ½ of Loss S ½ of Loss T ½ of Loss	£ 960 s 6 19 0 s 6 960 s 6
		£ 38 10 10			£ 19 840 10

Dr CASH ACCOUNT *Cr*

<i>Dr</i>			<i>Cr</i>		
19	To Realization Account	£ 10 00 s 0	19	By Sundry Creditors R Loan & account Capital Accounts R S	£ 5 500 s 0 2 163 s 0 8 981 s 0 4 403 s 19
		£ 10 00 0			£ 10 00 0

Dr R s LOAN ACCOUNT *Cr*

<i>Dr</i>			<i>Cr</i>		
19	To Cash	£ 2 163 s 0	19	By Balance of Loan and Share of Profit Interest @ 6	£ 2 163 s 0
		£ 2 163 0			£ 2 163 0

Dr R s CAPITAL ACCOUNT *Cr*

<i>Dr</i>			<i>Cr</i>		
10	To Share of Loss on Realization Share of T's Over- drawn Account Cash	£ 960 s 6 10 5 16 6 8 981 s 3	19	By Balance	£ 11 000 s 0
		£ 11 000 0			£ 11 000 0

Dr S s CAPITAL ACCOUNT *Cr*

<i>Dr</i>			<i>Cr</i>		
19	To Share of Loss on Realization Share of T's Over- drawn Account Cash	£ 7 000 s 0 673 16 s 19 4 403 s 19	19	By Balance	£ 7 000 s 0
		£ 7 000 0			£ 7 000 0

EXERCISE XV (G)—No 21 (contd)

T's CAPITAL ACCOUNT

Dr				(OVERDRAWN)				Cr			
19		£	s.	d.	19		£	s.	d.		
	To Balance	730				By Capital Accounts—					
	Interest @ 5%	22	10			R, $\frac{1}{4}$ share	1,008	16	6		
	Share of Loss on Realization	560	2	6		S, $\frac{3}{4}$ share	673				
		£1,732	12	6			£1,732	12	6		

EXERCISE XV (G)—No 22

THE AL MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT

Dr				Cr			
	£	s.	d.		£	s.	d.
To Stock, 1st April	8 621			By Sales	33 608		
" Purchases	11 820			" Stock, 1st March	8,102		
" Manufactg Wages	9,887						
" Coal and Coke	2,609						
" Balance, Gross Profit, c/d	5 622						
	£ 38,710				£ 38,710		
To Discounts	801			By Trading Account, Gross Profit, b/d	5 622		
" Salaries and Commission	1 266						
" Rent, Rates, Taxes, and Insurance	803						
" Bank Charges	198						
" Directors Fees	200						
" Debitors Interest	300						
" Sundry Expenses	140						
" Bad Debts	98						
" Discount Reserve on Debtors (5% of £8,240)	412						
" Depreciation—							
Fixed Plant and Machinery (5% of £3 920)	296						
Loose Tools, etc (7½% of £2,280)	171						
" Bal., Net Profit	467						
	£5,622				£5,622		

EXERCISE XV (G)—No 22 (contd)

THE XL MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST MARCH 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£ s d		£ s d
Nominal Capital—		Freehold Land and Buildings	8 650
10 000 6% Preference Shares of £1 each	0 000	Fixed Plant and Machinery	0 00
15 000 Ordinary Shares of £1 each	15 000	Less Depreciation	290
	£15 000	Furniture and Office Furniture	250
Issued Capital		Goodwill	5 000
10 000 6% Preference Shares fully paid	10 000	Loose Tools and Utensils	280
15 000 Ordinary Shares paid	15 000	Less Depreciation	1 10
	25 000	Stock	8 10
5% Debentures	6 000	Sundry Debtors	8 40
Bank Overdraft	2 640	Less Discount Reserve	412
Sundry Creditors	0 140	Bills Receivable	971
Contingencies of I.R.—		Cash in Hand	87
1% on Debenture Interest	4		
Reserve	1 000		
Profit and Loss Account			
Bal. 1st April	974		
Add Current Year Profit	811		
	1 785		
	£38 616		£38 616

EXERCISE XV (G)—No 24

A COMPANY LIMITED

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 417	8	9	By Sales	24 141	14	5			
Purchases	9 716	10	4				Less Returns						
Less Returns Outward	114	5	11				Inwards	316	10	—	23 825	4	5
Carriage Inwards				9 602	4	5	Stock				2 902	9	7
Manufacturers' Wages				198	4	7							
Expenses				3 496	12	—							
Factory Fuel and Power				845	14	3							
Balance Gross Profit c/d				177	10	—							
				9 000	—	—							
				£ 25 767	14	—					£ 25 767	14	—

A COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				1 596	10	4	By Trading Account				9 000	—	—
Works Managers							Gross Profit b/d						
Comms (1% of £9 000)				90	—	—							
Carriage Outwards				215	6	11	Appropriation Account (Credit Side)						
General Exp				814	5	—	By Bal 1st April	743	6	—			
Rates Taxes and Insurance				368	10	10	Current Year's Profit	4 545	15	—			
Lighting and Heating				98	14	7							
Stable Expenses				247	0	11							
Discount				97	4	1							
Bad Debts				148	9	6							
Interest and Bank Charges				47	10	—							
Provision for Bad Debts (5% of £7 814 10s 0d)				390	14	6	(Debit Side)						
Depreciation—							To General Managers Comm (3% of £4 545 15s 0d)	227	5	9			
Plant & Machinery (10% of £1 972 10s 0d)	197	5	—				Balance to Balance Sheet	3 061	15	3			
Furniture etc (5% of £947 6s 8d)	47	2	4										
Horses & Carts	100	—	—										
Balance Net Profit c/d				344	12	4							
				£ 545	15	—							
				£ 9 000	—	—					£ 9 000	—	—

EXERCISE XV (G)—No 25

TRADING AND PROFIT AND LOSS ACCOUNTS OF ROSE
PINK & LILLEY

Dr

FOR THE YEAR ENDED 31st MARCH 1937

Cr

	£	s	d	£	s	d		£	s	d
To Stock 31st March 1936				6	29	1	By Sales	45	69	1
Purchases				3	0	8	Stock 31st March 1937	5	2	7
Gross Profit carried to Section II				7	5	8				
				£50	9	8		£50	9	8
To Salaries & Wages				1	8	5	By Gross Profit from Section I	7	5	8
Heating and Lighting					8	6				
Telephone and Insurance						9				
Office Expenses						1				
Van Expenses						1				
Rent and Rates						4				
Postages and Stationery						1				
Advertising						3				
Bank Charges						8				
Bad Debts						3				
Depreciation of Vans						1				
Depreciation of Furniture and Fittings						1				
Net Trading Profit carried to Section III						7				
						3				
				£7	5	8		£7	5	8
To Interest on Capital							By Net Trading Profit from Section II			
Rose	3	1	2							
Pink	1	6	8							
Net Profit—						4				
Rose	1	5	8							
Pink	1	0	4							
Lilley	4	3	7							
						3				
				£3	6	7		£3	6	7

SMITH & LOOKS
A COMMITMENT TO WHITE BROWN

[illegible]

BROWN & BOOKS
A CENTURY WITH SMITH

Dr		JOINT ADVENTURE WITH SMITH				Cr	
		Amount	Months	Interest	Amount	Months	Interest
1895	To Ac c't n e' t a l due '94	6		19 6			
D '91	Apr 1 1901	00		1 2 1			
1896	Exp ac f l forest	110		25			
1900	Share of l ref t	972	10	6 8			
	Chq e to Sm th	118	15 10				
		6 00	16 8		6 200	16 8	235 18 8

JOINT VENTURE ACCOUNT BETWEEN SM TH AND BROWN

[illegible]

EXERCISE XV (G)—No 29

CHATENAY'S BOOKS

JOURNAL

	£	s	d	£	s	d
Business Purchase Account Dr	120,000	-	-	120,000	-	-
To Vendor (Abel Chatenay)						
Freehold Works Dr	38,000	-	-			
Machinery and Plant Dr	37,860	-	-			
Sundry Debtors Dr	18,764	-	-			
Stock Dr	22,440	-	-			
Cash in hand Dr	976	-	-			
Goodwill Dr	20,000	-	-			
To Business Purchase Account .				136,040	-	-
Business Purchase Account Dr	16,040	-	-			
To Sundry Creditors				14,040	-	-
„ Bank Loan				2,000	-	-
Vendor (Abel Chatenay)	90,000	-	-			
To Ordinary Share Capital				40,000	-	-
Issue of 40,000 ordinary shares of £1 each, fully paid in part payment of purchase price of business						
To 6% Preference Share Capital				50,000	-	-
Issue of 50,000 6% preference shares of £1 each, fully paid in part payment of purchase price of business						
	£362,080	-	-	£362,080	-	-

LEDGER

Dr				BANK ACCOUNT				Cr			
To Ordinary Share Capital	£	s	d		By Vendor	£	s	d			
Preference Share Capital	60,000	-	-		" Balance c/d	30,000	-	-			
	50,000	-	-			80,000	-	-			
	£110,000	-	-			£110,000	-	-			
To Balance b/d	£80,000	-	-								

Dr				BUSINESS PURCHASE ACCOUNT				Cr			
To Vendor (A. Chatenay)	£	s	d		By Freehold Works	£	s	d			
" Sundry Creditors	120 000	-	-		• Machinery etc	37 850	-	-			
" Bank Loan	14 040	-	-		• Sundry Debtors	18 764	-	-			
	2 000	-	-		• Stock	22 440	-	-			
					• Cash in hand	976	-	-			
					• Goodwill	20 000	-	-			
	£136 040	-	-			£136 040	-	-			

EXERCISE XV (G)—No 29 (contd)

Dr		VENDOR'S (ABEL CHATEWAY) ACCOUNT				Cr	
To Cash	£	s	d	By Business Purchase Account	£	s	d
" Ordinary Share Capital	30,000	-	-		120,000	-	-
" Pref. Share Capital	40,000	-	-				
	50,000	-	-				
	£120,000	-	-		£120,000	-	-

Dr.		ORDINARY SHARE CAPITAL ACCOUNT				Cr	
To Balance c/d	£	s	d	By Vendor	£	s	d
	100,000	-	-	" Cash	40,000	-	-
					60,000	-	-
	£100,000	-	-		£100,000	-	-
				By Balance b/d	£100,000	-	-

Dr		6% PREFERENCE SHARE CAPITAL ACCOUNT				Cr	
To Balance c/d	£	s	d	By Vendor	£	s	d
	100,000	-	-	" Cash	50,000	-	-
					50,000	-	-
	£100,000	-	-		£100,000	-	-
				By Balance b/d	£100,000	-	-

EXERCISE XV (G)—No 30

X CO., LTD

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES		£		s		d		PROPERTY AND ASSETS		£		s		d	
Nominal Capital—								Property		25 000					
60 000 Shares of £1 each		60 000						Stock		8 000					
Issued Capital—								Goodwill (equal to Two Years		7 000					
47 500 Shares of £1 each fully		47 500						Purchase of average profits)		7 000					
paid		5 000						Debtors		500					
Sundry Creditors								Cash at Bank		2 000					
		£ 50 000						Preliminary Expenses		£ 50 500					

Preliminary Expenses, in this case, consists of—

- Cost of registration
- Law costs
- Printing and stationery.

EXERCISE XV (G) No 32

JOURNAL

		£	s	d	£	s	d
19							
July 1	Freehold Buildings	20 000					
	Buildings	15 000					
	Plant etc	17 500					
	Work in Progress	22 500	-				
	Stocks	20 000					
	Sundry Debtors	14 250					
	Bank	5 730					
	Cash	15					
	To Vendor Account				100 000		-
	Sundry Creditors				3 050		-
	Capital Reserve				11 950		-
	Assets and Liabilities taken over as at this date						
		£115 000			£115 000		

EXERCISE XV (G) No 33

JOURNAL

		£	s	d	£	s	d
Share Capital Account	Dr	18 750					
To Profit and Loss Account					18 750		-
Reduction of 75 000 Shares of £1 each fully paid to 75 000 Shares 110s each fully paid as per Order of the Court dated							

Dr

CONTRACT No 1

Cr

	£	s	d		£	s	d
10	10 Purchases	30 000			By Work certified for	75 000	
	Wages and Salaries	43 0 0			$\frac{£60\ 000 \times 100}{90}$		
	Sundry Expenses	2 000			Materials on hand 1 and work		
	Plant and Machinery	5 000			done (not certified for)	2 500	-
	Balance (estimated Profit)	1 500			Plant and Machinery	4 500	-
					(less 10% Depreciation)		
		£82 000				£82 000	

Dr

CONTRACT No 2

Cr

	£	s	d		£	s	d
19	10 Purchases	80 000			By Work certified for	142 500	
	Wages and Salaries	56 000			$\frac{£120\ 000 + £22\ 500}{100}$		
	Sundry Expenses	1 500			Materials on hand etc	6 500	-
	Plant and Machinery	3 500			Plant and Machinery	3 150	-
	Balance (estimated Profit)	11 150			(less 10% Depreciation)		
		£152 150				£152 150	

EXERCISE XV (G) — No 36

HEAD OFFICE JOURNAL

19..		£	s	d	£	s	d
	Australian Manager To Bank	5 000	-	-	5 000	-	-
	Capital Expenditure Account—WAGES To Australian Manager	1 000	-	-	1,000	-	-
	Capital Expenditure To Stores Account	500	-	-	500	-	-
	<i>Mining and Milling Account—</i>						
	Wages £1 200						
	Salaries 500						
	Sundry Expenses 200						
		1,900	-	-			
	Stores Account	1 500	-	-			
	To Australian Manager				3 400	-	-
	Mining and Milling Account	700	-	-			
	To Stores Account				700	-	-
	Australian Manager To Bullion (Sales)	2 400	-	-	2 400	-	-
	Bullion (Stock)	500	-	-			
	To Bullion (Stock)				500	-	-
		£ 13 500	-	-	13 500	-	-

THE WAYSIDE BOOT CO. LTD.

THE WAYSIDE BOOT CO. 1911

C

[illegible]

THE WAYSIDE BOOT CO. LTD.

APPROPRIATION ACCOUNT

	£	s	d	By Current Year's Profit	£	s	d
To Balance, 1st Jan	1	238	-				
" Contribution to Pension Fund		500	-				
" Bonus paid to Employees		763	-				
" Balance to Balance Sheet		4	014				
	£	7	112		£	7	112
			9				9

BALANCE SHEET AS AT 31st DECEMBER 19

[illegible]

BOOKS OF WYNNE CO LTD

Dr.

19	To Sundry Assets	£	s	d	19	By Sundry Creditors	£	s	d
	Cash	251	3s2			Wyngarde Co. Ltd.	3s6s8		
	(Expenses of Realization)	600				(Total of purchase price of business)	32s00		
	Debenture holders (Premium on Debentures)	9s00							
	Sundry balances (Profit on Realization transferred)	367s							
		259s8					3s6s8	12s	

	£
(1) 150 000 fully paid Shares of £1 each	150 000
(2) Cash	30 000
(3) Payment of Debentures at a premium of 5%	52 500

TOTAL

£23? 500

Dr

C

19	To Business Realization A/c	£	s	d	19	By Shares A/c	£	s	d
		23	500			Debentures	50	000	
						Debenture Prem.	2	500	
						Cash	30	000	
		£ 3	500				23	500	

 D_r

Cr

19	To Wynards Co Ltd (shares received)	f	150 000	s	d	19	By Shareholders (Shares subscribed)	f	150 000	s	d
----	--	---	---------	---	---	----	--	---	---------	---	---

Dr

C

19	To Sandry Share d r	£	s	d	19	By Balance b t	£	s	d
		150 000					150 000		

EXERCISE XV (G)—No 38 (cont.)

Dr

SUNDRY SHAREHOLDERS

Cr

19		£	s	d	19		£	s	d
	To Shares A/c	100 000				By Capital A/c	100 000		
	" Cash	29 400				" Reserve A/c	20 000		
	(£30 000 less Ex-					" Profit and Loss A/c	5 724		
	penses of Realiza-					" Business Realiza-			
	tion A/c					tion A/c	3,676		
	(Profit on Realiza-					(Profit on Realiza-			
	tion)					tion)			
		£179 400					£179 400		

Dr

DEBENTURES ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Debenture holders	50 000				By Balance b/f	50 000		

Dr

DEBENTURE-HOLDERS' ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Wyngarde Co., Ltd.	52 500				By Debentures	50 000		
						" Business Realiza-	2,500		
						tion A/c			
						(Premium on Debs.)			
		£52 500					£52 500		

The 'Reserve Account' and the 'Profit and Loss Account' are closed by transfer to the 'Sundry Shareholders Account'.

BOOKS OF GARDE CO., LTD

Dr

BUSINESS REALIZATION ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Sundry Assets	199 6-8				By Sundry Creditors	199-8		
	" Cash	400				" Wyngarde Co. Ltd	110 000		
	(Expenses of					(Total of pur-			
	Realization)					chase price of			
	" Sundry Shareholders	808				business]			
	(Profit on Realiza-								
	tion transfer d)								
		£129 9-8					£129 9-8		

Note—The Purchase price of business is arrived at as under—

(1) 100 000 fully-paid Shares of £1 each	£100 000
(2) Cash	10 000
TOTAL	£110,000

EXERCISE XV (G)—No 38 (contd)

Dr		THE WYNGARDE CO LTD		Cr			
19	To Business Realization A/c	£	s d	19	By Shares A/c	£	s d
		110 000			Cash	100 000	
		110 000				10 000	
						£110 000	

Dr		SHARES ACCOUNT				Cr					
19	To Wyngarde Co. Ltd (Shares received)	£		s	d	19	By Sundry Shareholders (Shares distributed)	£		s	d
		100 000						100 000			

Dr		SHARE CAPITAL ACCOUNT		Cr				
19	To sundry Shareholders	£	d	19	By Balance b/f	£	s	d
		100 000				100 000		

Dr		SUNDRY SHAREHOLDERS		Cr	
19	To Shares A/c Cash £10 000 at £100 for 100 shares	100 000 9 550	19	By Capital A/c Reserve A/c Profit and Loss A/c Business Realization A/c (Profit on Realization)	100 000 2 000 3 687 868
		109 550			109 550

The Reserve Account and the Profit and Loss Account are closed by transfer to the Sundry Shareholders Account

BOOKS OF THE WYNGARDE CO LTD

Dr		LIQUIDATOR OF THE WYNGARDE CO LTD		Cr			
19	To Creditors (Liquidated) or Shareholders (Part payment of Purchase price) Debtors (To) Cash (do)	£	s d	19	By Sundry Assets Goodwill A/c	£	s d
		35 628				61 350	
		150 000				8 728	
		4 500					
		30 000					
		190 128				190 128	

EXERCISE XV (G)—No 38 (contd)

Dr. LIQUIDATOR OF THE GARDE CO., LTD.

Cr

19		£	s	d	19		£	s	d
	To Creditors (Liabilities taken over)	15 958				By Sundry Assets	128 640		
	Shares (Part payment of Purchase price)	100 000				" Goodwill A/c	1 318		
	" Cash (Payment of bal of Purchase price)	10 000							
		£129 958					£129 958		

Dr

SHARE CAPITAL ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Balance c/d	350 000				By Wynne Co	150 000		
						" Garde Co	100 000		
						" Sundry Sharehldrs	250 000		
		£350 000					100 000		
							£350 000		
						By Balance b/d	350 000		

Dr

CASH ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Cash transferred from—					By Wynne Co	52 500		
	Wynne Co	15 952				(Debentures paid off at a premium of 2%)			
	Garde Co	1 234				Wynne Co	30 000		
	" Sundry Sharehldrs	100 000				(Balance of Purchase price)			
						Garde Co	10 000		
						(Balance of Purchase price)			
						Preliminary Exp.	1 200		
						" Balance c/d	28 375		
		£129 136					£129 136		
	To Balance b/d	28 375							

THE WYNGARDE CO LTD

BALANCE SHEET

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£
<i>Nominal Capital—</i>		400 000							Land and Buildings		117 890
400 000 Shares of £1 each									Plant and Machinery		54 145
<i>Issued Capital—</i>									Stock in Trade		69 196
350 000 Shares of £1 each									Goodwill		45 094
fully paid						350 000			Sundry Debtors		71 758
Sundry Creditors						55 586			Bills Receivable		19 877
									Bank		26 376
									Preliminary Expenses		1 260
						£405 586					£405 586

Note—The value of Goodwill as stated in the Balance Sheet is arrived at as follows—

(1) Goodwill Account of the Wynne Co	£ 25 000
(2) Goodwill Account of the Cardo Co	12 000
(3) Balance of Liquidator of Cardo Co's Account	1 318
(4) Balance of Liquidator of Wynne Co's Account	6 776
	<u>£ 45 094</u>

THE UNIT CO LTD

BALANCE SHEET AS AT 1ST JULY 19.

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£
<i>Nominal Capital—</i>		150 000							Investments		95 000
150 000 Shares of £1 each									Bank		1 000
<i>Issued Capital—</i>									Information Expenses		2 000
98 000 Shares of £1 each											£ 98 000

EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE ESS CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account Dr To Cash Purchase of 1 500 Ordinary Shares of £1 each in the UNIT Co., LTD, by B (Manager)	1,500	-	-	1 500	-	-

JOURNAL OF THE TEE CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account Dr To Cash Purchase of 1 500 Ordinary Shares of £1 each in the UNIT Co. LTD by F (Manager)	1,500	-	-	1 500	-	-

Note—The purchase by THE UNIT CO. LTD of the whole of the Ordinary Shares of both companies would be dealt with through the TRANSFER REGISTERS etc of the respective companies

JOURNAL OF THE UNIT CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account To Ordinary Share Capital Purchase of 50 000 Ordinary Shares of £1 each (at par) by the issue of 50 000 Ordinary Shares of £1 each as fully paid to the Ordinary Shareholders of the Ess Co., LTD	50 000	-	-	50,000	-	-
" 1	Investments Account To Ordinary Share Capital Purchase of 30 000 Ordinary Shares of £1 each (at a premium of 50%) by the issue of 45 000 Ordinary Shares of £1 as fully paid to the ordinary share holders of the Tee Co. LTD	45 000	-	-	45 000	-	-
" 1	B, Manager of the Ess Co. LTD To Ordinary Share Capital Issue of 1,500 shares of £1 each	1,500	-	-	1,500	-	-

EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE UNIT CO LTD—(contd)

19		£	s	d	£	s	d
July 1	F Managing Director of the TEE Co LTD To Ordinary share Capital Issue of 1500 shares of £1 each	1500	-	-	1500	-	-
1	Bank To B Managing Director of EEC Co F Managing Director of TEE Co	3000			1500	-	-
					1500	-	-
1	Formative Expenses To Bank	2000			2000	-	-
		103 000			£103 000		

EXERCISE XV (G) No 40

JOURNAL OF A CO LTD

19			£	s	d	£	s	d
July 1	1	Business Realization Account Dr	87 110					
		To Goodwill				35 000		
		To Freehold Land & Buildings				15 650		
		To Machinery and Plant				3 210		
		To Fixture and Fittings				850		
		To Sundry Debtors				10 990		
		To Stock				4 660		
		To Investments				14 650		
		To Cash at Bank etc				2 100		
		By: Less asset taken over by B Co						
	1	Sundry Creditors Dr	7 650					
		To Business Realization Account				7 650		
		To liabilities taken over by B Co						
	1	B Co Dr	107 600					
		To Business Realization Account				107 600		
		Purchase price of business as per terms agreed to as at 1st Jan						
	1	Business Realization Account Dr	28 140					
		To Debenture holders				600		
		To Sundry Shareholders				27 540		
		Transfer of premium on debentures and profit on realization						

EXERCISE XV (G)—No 40 (contd 1)

JOURNAL OF A CO., LTD—(contd 1)

19..		£	s	d	£	s	d
Jan. 1	Share Capital Account . . . <i>Dr</i>	47,500	-	-			
	Reserve Fund	15 000	-	-			
	Profit and Loss A/c (<i>Cr</i> balance) ..	4,960	-	-			
	To Sundry Shareholders . . .				67,460	-	-
	Transfer of balances						
" 1	Debentures (A Co 's) . . . <i>Dr</i>	12,000	-	-			
	To Debenture holders . . .				12,000	-	-
	Balance transferred						
" 1	Shares Account (B Co 's) . . . <i>Dr</i>	71,250	-	-			
	Debentures Account (B Co 's) . .	12,600	-	-			
	To B Co				83 850	-	-
	Receipt of £12 600 debentures and 142 000 shares of 10/- each share in part payment of purchase price of business						
" 1	Bank <i>Dr</i>	23,750	-	-			
	To B Co Ltd				23 750	-	-
	Balance of purchase price received						
" 1	Sundry Shareholders . . . <i>Dr</i>	95 000	-	-			
	To Shares Account (B Co 's)				71 250	-	-
	Cash				23 750	-	-
	Issue of 142 000 10/- B Co 's shares in exchange for 17 500 shares in A Co and payment of cash as per arrangement						
" 1	Debenture-holders <i>Dr</i>	12 600	-	-			
	To Debentures (B Co 's)				12,600	-	-
	Issue of 6% debentures in ex- change for debentures in A Co						
		£525 160	-	-	£525,160	-	-

Note—The Purchase price of business taken over by B Co is arrived at as under—

	£
(1) Payment by B Co of A Co 's Debentures at 103% by issue of 6% Debentures	12 600
(2) Payment of 10/- per share to each of A Co 's share- holders by B Co	23,750
(3) Issue of three 10s shares (at par) for each £1 share to the shareholders in A Co by B Co	71,250
TOTAL	£107,600

EXERCISE XV (G)—No 40 (contd)

JOURNAL OF B CO LTD

		£	s	d	£	s	d
19							
Jan	1	Freehold Land and Buildings	Dr	15 6s0			
		Machinery and Plant		3 210			
		Fixtures and Fittings		850			
		Sundry Debtors		10 990			
		Stock		4 660			
		Investments		14 6s0			
		Cash at Bank and in hand		2 100			
		Goodwill (£35 000 + £28 140)		63 140			
		To Sundry Creditors				7 6s0	
		Liquidator of A Co				107 600	
		Sundry assets and liabilities taken over as per agreement of 1st Jan 19					
	1	Liquidator of A Co	Dr	107 600			
		To Share Capital				71 2s0	
		8% Debenture				12 600	
		Cash				23 7s0	
		Payment of purchase price of business by issue of 140 000 10/ shares £10 600 8% debentures and balance in cash					
				222 9s0		122 8s0	

EXERCISE XV (G) Nov 41

JOURNAL OF X CO (OLD)

19		£	s	d	£	s	d
	Business Realization A/c . Dr	29,704	-	-			
	To Land and Buildings				2 300	-	-
	" Plant and Machinery				2,108	-	-
	" Furniture and Fittings				415	-	-
	" Stock				3 691	-	-
	" Sundry Debtors				12 674	-	-
	Cash at Bank, etc				8,516	-	-
	Sundry Creditors . Dr	5,674	-	-			
	To Business Realization A/c				5,674	-	-
	Business Realization A/c . Dr	43	-	-			
	To Cash (Exps of Realization)				43	-	-
	X Co (NEW) . Dr	57,450	-	-			
	To Business Realization A/c				57 450	-	-
	Shares Account . . Dr	50,000	-	-			
	Cash	7,450	-	-			
	To X Co (NEW)				57 450	-	-
	Capital Account . . Dr	18 000	-	-			
	Reserve Fund	15 000	-	-			
	Profit and Loss Account	7 450	-	-			
	To Sundry Shareholders				40,450	-	-
	Business Realization A/c . Dr	33 377	-	-			
	To Sundry Shareholders				33,377	-	-
	Sundry Shareholders . .	73 827	-	-			
	To Shares Account				50 000	-	-
	" Cash				7 407	-	-
	" Investments				16 420	-	-
		297 975	-	-	297 975	-	-

The above entries CORRECTLY posted will CLOSE the books of X Co., LTD. (OLD)

Each of the five shareholders receives—

- (1) 10 000 £1 shares
- (2) £3,284 investments.
- (3) £1,481 8s. in cash.

THE SANDIC VTL

BALANCE SHEET

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
Bank Overdraft	£ 40 000	Freehold Land and Buildings	£ 97 500
Bills Payable	6 000	Freehold Cottages	17 500
Mortgages	40 000	Leasehold Property	2 000
Sundry Creditors	20 000	Plant and Machinery	100 000
Reserve for Income Tax	10 000	Motor Vehicles	10 000
Reserve for Corporation Profits Tax	1 750	Fixtures and Fittings	12 000
		Loose Tools	14 000
		Stock	80 500
Bailey Manufacturing Co. Ltd.		Sundry Debtors	35 000
(Vendors)		Less Bad Debts Reserve	1 750
		Investments	
		Inland Revenue Claim	
	£ 392 750		£ 392 750

Each shareholder would receive $\frac{275\,000}{150\,000}$ shares in exchange for each £1 share, i.e. £1.18 shares for each £1 share

EXERCISE XVI No. 1 (Form No. 1.)

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

[illegible]

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

Cr

(b) COST OF PRODUCTION ACCOUNT

	£	s	d	£	s	d	By Proportion of Factory Overhead on Partly manufactured Goods	£	s	d
1. Prime Cost of Goods Manufactured as per Account (a)				44 418	12	4		1 742	19	6
2. Proportion of Factory Overhead on Partly manufactured Goods				1 396	18	7	Balance (Cost of Production of Goods manufactured transferred to Trading Account)	53 093	6	2
3. Factory Overhead										
4. Rent Rates Taxes and Insurance	1 312	12	5							
5. Gas Fuel Water Lighting and Heating	1 199	13	6							
6. Patent Royalties	306	5	9							
7. Wages and Salaries	1 910	10	3							
8. Repairs Renewals and Depreciation of Tools Machinery etc.	1 806	17	8							
9. Interest on Capital Outlay on Plant Machinery Tools Land and Buildings	2 485	9	4	9 020	8	11				
				£ 54 835	19	8		£ 54 835	19	8

EXERCISE XVI No 1 (Form No 1) (cont'd)

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr.

	£	s	d		£	s	d
To Stock of Manufactured Goods at start	5 674	13	6	By Sales	73 080	14	2
" Manufacturing Account (Cost of Goods manufactured, as per Account (b))	53 093	0	2	Less Returns Inwards	2 379	12	7
" Balance, Gross Profit c/d	17,449	12	2	" Stock of Manufactured Goods at close			
	£ 70 217	12	1		70,708	1	7
					5 509	10	0
					£ 70,217	12	1

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

						£	s	d
				By Trading Account		17,449	12	2

EXERCISE XVI—No 1 (Form No 2) *Contd*

Dr TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

	£	s	d	£	s	d
To Stock of Manufactured Goods at start	5 674	13	9	By Sales	73 086	14
" Manufacturing Account	58 472	1	8	Less Returns Inwards	2 378	12
(Trade price of goods)						7
Less Stock of Manufactured Goods at close	64 146	15	5		70 708	1
	5 509	10	6			7
PRIME COST OF SALES	58 637	4	11			
Bal'ance, Gross Profit on Sales	12 070	16	8			
	70,708	1	7		70 708	1
						7

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

	£	s	d	£	s	d
By Manufacturing Account	5 378	15	6			
" Trading Account	12 070	16	8			
	17 449	12	2			

[illegible]

EXERCISE XVI—No. 4

THE NEWBLL BRICKWORKS

MANUFACTURING AND TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER, 19

Cr

		% on Sales	£	s	d		% on Sales	£	s	d
To Stock, 1st Jan.	.	.	8 947	10	6	By Sales	.	23 529	16	8
" Purchases (Net)	.	.	12 056	3	7	Work in Progress, 31st Dec	.	1 628	19	2
Less Stock, 31st Dec	.	.	21 003	14	1	Less Work in Progress, 1st Jan	.	25 158	15	10
PRIME COST OF SALES	.	47 03	9 765	19	3	TURNOVER	.	1 263	5	1
Carriage Inwards	.	7 78	11 237	14	10		100 00	23 895	10	9
" Wages	.	15 00	1 857	10	2					
" Balance GROSS PROFIT	.	30 19	3 585	16	2					
			7 214	9	7					
		100 00	23 895	10	9		100 00	23 895	10	9
To Salaries	.	2 04	486	12	5	By Trading Account, Gross Profit	.	7 214	9	7
" Commission	.	1 37	327	5	10					
" Advertising	.	1 37	326	13	7					
" Discount	.	1 60	384	9	4					
" Rent Rates and Taxes	.	1 57	375	14	5					
" Carriage Outwards	.	1 49	352	17	9					
" Trade Expenses	.	1 57	375	11	4					
" Bad Debts	.	1 37	327	6	10					
" Depreciation	.	1 61	384	15	8					
" Interest on Capital	.	1 08	257	11	6					
" Balance NET PROFIT	.	15 13	3 615	10	11					
		30 19	7 214	9	7		30 19	7 214	9	7

EXERCISE XVI No 6

KRYNN GOLD MINING CO LTD

MINTE WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

To Ore Extraction—
Expenses of Mining
Reduction of Ore—
Milling
Concentrating
Cyaniding
Tramming
Concession Rents Paid
Royalties Paid
Respecting Expenses
Claim Expenses
Wages at Mine
General Charges at Mine
Bank Charges
Depreciation at Works
Machinery etc.
Balance (Gross Profit)

	£	s	d	£	s	d	By Balance Account	Tailings Account	f	s	d
	16	5	17		12	8			246	0	17
	10	0	26		5	3			2	034	15
	44	5	87		2	9					
	4	8	66		1	11					
				75	997	13	7				
				600							
				3	427	10	5				
				1	013	1	8				
				1	768	15	3				
				4	028	4	10				
				2	347	13	6				
				1	428	17	5				
				5	043	12	8				
				1	11	573	2	9			
				1	748	0	52	8	8		

"KOOMRIE" TOBACCO PLANTATIONS. LTD

PLANTATION WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s	d	£	s	d	By Proceeds of Sale of Tobacco	£	s	d.
To <i>Plantation Wages</i> —										
Planting	13	0	16	14	8					
Manufacturing	4,408	12	2							
							17,425	6	10	
" <i>Plantation Salaries</i> —										
European Staff	7	0	87	3	11					
Native Overseers	2,007	16	5							
Native Watchmen	896	7	10				9,991	8	2	
" Coolie Expenses (Brokerage Passage Money etc.)							2	9	56	
" Hospital Working Expenses							1,016	4	8	
" Transport Expenses							1	0	37	
" General Plantation Expenses							1	2	16	
" Stable Expenses							602	10	9	
" Loss (by death) of Advances to Coolies							5	36	5	
" Wastage of Live Stock (Ponies Bullocks, etc.)							467	9	4	
" Commission on Sale of Tobacco							3,026	13	1	
" <i>Repairs Renewals & Depreciation</i>										
Railway	167	19	5							
Steam Launch, Lighters, etc	346	2	9							
Loose Tools	307	14	8							
Pier, Wharf, etc	265	10	6							
Ways Roads, etc	1,328	11	4							
Buildings, etc	3,516	13	5				5,932	12	1	
							16,608	15	8	
" Balance (Gross Profit)							£ 60,817	18	6	
										60,817 18 6

EXERCISE XVI—No 8

THE WESTERN STAR NEWSPAPER CO LTD

Cr

PRODUCTION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Dr									
	£	s	d		£	s	d		
To Paper used	8 516	10	2	By Sales—Cash	17 911	13	11		
Ink used	487	14	6	Sales by Agents less Discounts and Returns	15 016	2	10		
Compositors and Machining Wages	4 206	15	8	Sales to Subscribers less Postages and Wrappers	2 187	14	5		
Cost of Literary Contributions	987	14	3	Advertisements	17 950	5	8		
Reporters and Office Salaries	4 617	10	2	Sale of Waste Paper	208	14	7		
Editors Salaries	1 400	-	-	Jobbing Printing Sales	80	10	3		
Newsagency Telegrams	246	18	6						
Electric Expenses	72	6	10						
Electric Current and Fuel	487	13	5						
Repairs and Renewals	918	14	9						
Depreciation of Plant Machinery and Stereos	236	15	7						
Depreciation of Linotype Installation	70	-	-						
Rates Taxes and Insurance of Works	160	14	8						
Balance (Gross Profit)	14 341	15	11						
	£ 36 149	4	5		£ 36 149	4	5		

EXERCISE XVI—No. 6.

THE "BEXTON" STEAM TRAWLER CO.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

6

	£	s	d	£	s	d	By Sales of Fish " Sales of Old Rope, etc.	£	s	d
To Coal and Oil				147	10	9				
" Repairs and Renewals				80	12	5				
" Landing Dues				10	8	6				
" Harbour Dues				8	4	3				
Wages--										
General	148	10	9							
Fishermen	150	8	5							
Casual	18	14	7							
Commission				317	11	9				
" Ropes, Stores etc				20	-	6				
" Net Braiding, Mending, and Tarring				50	13	6				
" Carpentering				14	11	5				
" Painting				12	9	7				
" Salvage Claims				11	8	4				
" Balance (Gross Profit)				20	16	5				
				301	5	10				
				£995	12	9		£995	12	9

EXERCISE XVI No 10

THE OVERSEAS CANAL CO
WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Dr		WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19		Cr					
	£	s	d		£	s	d		
To Maintenance Dredging and Ice Breaking	3	506	13	8		7	406	13	8
Rents Payable	1	87	10	6		14	517	11	8
Rates Taxes and Insurance	1	314	14	5		21	994	7	2
General Charges	1	06	15	4		11	986	14	4
Depreciation of Boats and Carrying Plant	80	2	9	10		9	97	12	10
Balance (Gross Profit)	5	189	15	4		3	914	16	7
						85	9	8	
					£	13	937	19	1
				</					

THE "WIDE SLAS" NAVIGATION CO., LTD.

WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

Dr.	£	d	£	s	d	£	s	d
To Navigation Expenses—								
Coal, Oil, and Water	608	126	10	9		1,025,716	15	8
Dues, Towing, Pilotage etc.	148	705	15	6		1,306,578	10	6
Pay of Officers and Crew	282	856	11	5		250,000		
" Provisioning of Passengers Officers and Crew			1	040	688	17	8	
" Suez Canal Dues			257	493	18	4		
" Miscellaneous Expenses—			289,586	16	8			
Damages Claims and Law Charges	12	000	10	6		10,000		
Expenses of Steamers laid up	9	857	4	11				
Quarantine Charges	1,625	17	5					
" Ships' Repairs, Stores, & General Maintenance			23,483	12	10			
" Insurance Charges and General Average Claims			165,714	6	7			
" Depreciation of Fleet etc			18	409	13	4		
" Balance (Gross Profit)			327,916	15	6			
			469,001	5	3			
			£2,592,295	6	2	£2,592,295	6	2

THE SUNBFAM HOTEL LTD

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

<i>Dr</i>	£	s	d	£	s	d	£	s	d
<i>To Consumption of—</i>									
Groceries and Provisions	4 520	14	2				6 517	11	4
Wine, Spirits and Liqueurs	4 206	10	8				6 702	10	8
Ale Beer and Minerals	1 986	13	5				3 098	12	6
Tobacco Cigars and Cigarettes	1 023	17	6				1 587	8	9
Sundry Stores	240	16	7				11 516	14	3
				11 978	12	4			
				5 017	11	4			
				957	13	10			
Wages and Salaries									
Licences and Insurances									
Newspapers Magazines Print				305	4	9	1 025	11	5
ing and Stationery				627	19	1	472	9	7
Coal Gas and Lighting							276	15	4
Repairs and Renewals of Build									
ings				214	10	6			
" Laundry				334	18	5			
" Stable and Garage Expenses				235	6	8			
" Rent Rates and Taxes				1 075	10	6			
" Repairs Renewals & Depreciation									
Furniture and Fittings	306	4	6						
Cutlery and Plate	162	8	5						
House Bed and Table Linen	105	11	3						
China and Glass	114	17	9						
				689	1	11			
				9 761	4	6			
				£ 31 197	13	10			
" Balance (Gross Profit)									
							£ 31 197	13	10

EXERCISE XVI—No 13

(a) Cost of Material Used

	£	s	d
Stock of Raw Materials	1,200	-	-
Add Purchases	12,000	-	-
„ Carriage	6,000	-	-
	£19,200	-	-
Less Materials in hand at close	1,400	-	-
COST OF MATERIALS USED	£17,800	-	-

(Note—Carriage is included in above statement as it is an element of cost usually inseparable from the cost of purchase)

(b) Value of Output

	£	s	d
Sales	42,000	-	-
Add Stock of Finished Goods unsold	3,500	-	-
	£45,500	-	-
Less Stock of Finished Goods (at commencement)	4,000	-	-
	£41,500	-	-

(c) Percentage of Gross Profit on Sales

$$\frac{\text{Gross Profit } £8,700 \times 100}{\text{Sales } £42,000} = 20.71\%$$

EXERCISE XVI—No 14

COST FIGURES OF THE £2,000 ORDER

	£	s	d
Materials	602	-	-
Wages	880	-	-
Works Overhead $\left(\frac{\text{Cost of Order } £2,000 \times 100}{\text{Total Orders } £50,000} \right) = 25\% \text{ of Wages}$	220	-	-
Office „ $\left(\frac{\text{Wages of Order } £880 \times \text{Office Overhead } £1,300}{\text{Total Wages } £26,000} \right)$	44	-	-
	£1,746	-	-
PROFIT ON ORDER	254	-	-
Price of Order Executed	£2,000	-	-

EXERCISE XVI—No 15

PERCENTAGE STATEMENT

Dr

Cr

	1st Year	% on Out put	2nd Year	% on Out put	% on Out put	Two Years Total	Ave % on Out put		1st Year	% on Out put	2nd Year	% on Out put	% on Out put
To Stocks 1st Jan	£ 6 000		£ 5 000			£ 11 000	% 100	By Sales	£ 30 000		£ 17 000		
Add Purchases	17 500		14 000			31 500		(at end)	6 000				
	23 500		19 000			42 500		Less Finished Work	3 000				
Less Stocks 31st Dec	5 000		7 000			12 000		1st Jan			3 000		
	18 500	63.80	12 000	00.00		30 500	62.24	Finished Work 1st	4 000				
COST OF MATERIAL	7 500	25.86	4 800	24.00		12 300	25.11	Jan	3 000				
To Wages	2 000	6.89	1 200	6.00		3 200	6.53	Less Finished Work					
Expenses								31st Dec	1 000				
Balance Gross	1 000	3.45	2 000	10.00		3 000	6.12	Output	£ 29 000	100.00	20 000	100.00	
Profit.									£ 29 000	100.00	20 000	100.00	
	£ 29 000	100.00	20 000	100.00		49 000	100.00						

THE BLANKSHIRE IRON CO LTD
FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.				Cr.		
Dr.	£	s	d.	£	s	d.
To Coal Purchased.	7	20	-	By Sales of Waste Materials and By-products	5,862	-
.. Coke and Limestone Purchased	19	50	-	Balance (Cost of Production of Pig Iron transferred to Trading Account)	35,311	-
.. Ironstone Purchased.	7	461	-		41	173
.. Wages (Furnace)	6	842	-			
	£	41	173			

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..									
Dr							Cr		
	£	s	d		£	s	d		£
To Furnace Account (Balance, being Cost of Production of Pig Iron)	35	311	-	By Sales of Pig Iron	62	446	-		
" Stock of Pig Iron, 1st July	9	402	-	" Stock of Pig Iron, 30th June	9	221	-		
" Trade Charges	5	424	-						
" Balance Gross Profit c/d	21	530	-						
	£	71	667		£	71	667		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 19..									
Dr								Cr	
		£	s	d			£	s	d
To Office Salaries .		3	401	-	By Trading Account b/d		21	530	-
" Directors' Fees ,		1	500	-	" Interest			321	-
" Bad Debts			1	680	" Transfer Fees.			52	-
" Depreciation			3	880					
" Balance, NET Profit .			11	432					
		£	21	903			£	21	903

PERCENTAGE STATEMENT

	1st Year	% on Pro- duc- tion	2nd Year	% on Pro- duc- tion		1st Year	% on Pro- duc- tion	2nd Year	% on Pro- duc- tion
Materials used	£ 22 389	61 39	£ 21 427	59 09	Goods Produced	£ 36 468	100 00	£ 36 261	100 00
Wages	7 495	20 51	7 577	20 89					
Rent and Power	1 659	4 55	1 655	4 56					
Carriage	513	1 40	494	1 36					
Trade Expenses	303	0 83	309	0 85					
Gas and Water	213	0 60	240	0 66					
Travellers	719	2 00	763	2 10					
Repairs	426	1 16	563	1 55					
Insurance	78	0 21	78	0 21					
Depreciation	600	1 64	590	1 60					
	£ 34 380	94 33	£ 33 683	92 87		£ 36 468	100 00	£ 36 261	100 00

Note—The results shown may appear incomplete They display all that is asked for in the question The necessary item to balance would be of course Net Profit

EXERCISE XVI—Nos. 20 and 22

		<i>Advanced Accounts</i>
For Examples of {	Manufacturing Account (prime cost only) see page 777	
	" " (cost of production) " " 778	
	Working Account of a Mine " " 787	
	" " of a Canal Company " " 789	
	Furnace Account (both ways)	see pages 781-3

EXERCISE XVI—No. 21

The main reasons in support of the 'prime cost basis of the construction of the Manufacturing Account are set out on page 777 of *Advanced Accounts*.

EXERCISE XVI—No. 23

See answers at end of *Advanced Accounts*

EXERCISE XVI—No. 24

See answers at end of *Advanced Accounts*.

COMPARATIVE TRADING ACCOUNTS

Dr

Cr

	1st Year	% on Turn over	2nd Year	% on Turn over		1st Year	% on Turn over	2nd Year	% on Turn over
To Stock 1st July . . .	£ 10 000		£ 5 400 11 000		By Sales . . .	£ 6 000	100 00	£ 11 300	100 00
Purchases . . .	10 000		16 400						
Less Stock 30th June	5 400		7 700						
PRIME COST OF GOODS	4 600	76 67	8 700	77 00					
Freight and Duty	850	14 17	1 200	10 62					
Packing Cases	200	3 33	350	3 09					
Wages	200	3 33	250	2 21					
Balance GROSS PROFIT c/d	150	2 50	800	7 08					
	£ 6 000	100 00	£ 11 300	100 00		£ 6 000	100 00	£ 11 300	100 00
To Salaries—	600	10 00	1 000	8 85	By Trading Account	150	2 50	800	7 08
Manager	400	6 67	500	4 42	Balance Net Loss	1 970	32 83	1 780	15 75
General Manager	300	5 00	nil						
Commission—	50	83	40	35					
Manager	400	6 67	360	3 19					
General Manager	150	2 50	300	2 66					
Travelling	100	1 66	200	1 77					
Advertising	120	2 00	180	1 59					
Posting and Telegrams									
General Expenses									
	£ 2 120	35 33	£ 2 580	22 83		£ 2 120	35 33	£ 2 580	22 83

EXERCISE XVI No 26 (could')

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

	f	s	d
To Office Salaries	410		
Discount on Sales	150		
Carriage Outwards	120		
Printing and Stationery	70		
Rent and Rates	390		
Traveling Expenses	130		
General Expenses	990		
Balance Net Profit	740		
	£2,300		

The percentage of net profit to the manufacturing cost = $\frac{740 \times 100}{3800} = 19.47\%$

EXERCISE XVI—No 27.

(a)

JOURNAL

19..			£	s	d	£	s	d
Jan 1	B	Dr	200	-	-	200	-	-
	To Sales							
" 1	Bills Receivable	Dr	200	-	-	200	-	-
	To B							
	Acceptance at three months							
" 1	J	Dr	200	-	-	200	-	-
	To Bills Receivable							
	Endorsement of B's acceptance							
			£600	-	-	£600	-	-

(b) The purchase of a special mechanical scale will first be recorded in the Journal as it is not viewed as a "trade" purchase

JOURNAL

			£	s	d	£	s	d
	Machinery Account	Dr	200	-	-	200	-	-
	To Exact Scale Manufacturing Co., Ltd							

(c)

JOURNAL OF A

			£	s	d	£	s	d
(1)	Returns Inward	Dr	5	-	-	5	-	-
	To Jones, Ltd							
(3)	Jones Ltd	Dr	9	-	-	9	-	-
	To Returns Outward and Allowances Account							
	Jones Ltd (Bought Ledger)		55	-	-	55	-	-
	To Jones, Ltd (Sales Ledger)							
			£69	-	-	£69	-	-

JOURNAL OF JONES, LTD

			£	s	d	£	s	d
(1)	A	Dr	5	-	-	5	-	-
	To Returns Outward							
(3)	Returns Inward and Allowances Account	Dr	9	-	-	9	-	-
	To A							
	A (Bought Ledger)		55	-	-	55	-	-
	To (Sales Ledger)							
			£69	-	-	£69	-	-

EXERCISE XVI—No 27 (contd)

(c)

A's Cash Book (Debit side)		Jones Ltd Cash Book (Credit side)	
To Jones Ltd (Returned cheque)	£20	By A (Dishonoured cheque)	£20

(a)

LEDGER

Dr		SALES ACCOUNT		Cr	
			By B	£ 200	s - d -
Dr		BILLS RECEIVABLE ACCOUNT		Cr	
	To B	£ 200	s - d -	By J	£ 200 s - d -
Dr		B		Cr	
	To Sales	£ 200	s - d -	By Bills Receivable	£ 200 s - d -
Dr		J		Cr	
	To Bills Receivable	£ 200	s - d -		

(b)

LEDGER

Dr		MACHINERY ACCOUNT		Cr	
	To Excel Manufacturing Co Ltd	£ 200	s - d -		
Dr		EXACT SCALE MANUFACTURING CO LTD		Cr	
			By Machinery	£ 200	s - d -

(c)

A's BOUGHT LEDGER

Dr		JONES LTD		Cr			
19	To Returns Outward etc Jones Ltd Account Sales Ledger Cash	£ 9 50 31 £340	s d - - - - - -	19	By Balance b/f Cheque	£ 300 20 - £340	s d - - - - - -

EXERCISE XVI—No. 27 (contd.)

A's SOLD LEDGER

Dr			JONES, LTD			Cr.		
19	To Balance	£ 60	s -	d -	19	By Returns Inward	£ 5	s -
						" Jones' Account in Bought Ledger	5s	-
		£60					£60	-

JONES, LTD, BOUGHT LEDGER

Dr			A			Cr		
19	To Returns Outward	£ 5	s -	d -	19	By Balance	£ 60	s -
	" A's Account in Sales Ledger	5s	-	-				-
		£60					£60	-

JONES SOLD LEDGER

Dr			A			Cr		
19	To Balance	£ 320	s -	d -	19	By Returns Inward and Allowances Account	5	-
	" Cheque	25	-	-		" A's Account in Bought Ledger	5s	-
		£345				" Cash	281	-
							£345	-

EXERCISE XVI—No. 28

Item	Nature of Expenditure
(1) Sale of Old Plant	Capital
(2) Purchase of Patent Rights	Capital
(3) Renewal Fee for (2)	Revenue
(4) Purchase of Delivery Vans	Capital
(5) Purchase of New Wheels for (4) at a later date	Revenue
(6) Installation of Electric Light, etc	Capital
(7) Depreciation of (6)	Revenue
(8) Purchase of Plant and Machinery	Capital
(9) Repairs to (8)	Revenue
(10) Extension of Water Mains by a Water Company also replacement of existing Mains	Capital and Revenue (See Note)
Note.—The means of allocating expenditure between capital and revenue are fully explained on page 849 of <i>Advanced Accounts</i>	

EXERCISE XVI—No 29

The January monthly summary of F's Ledger will be £10 too little and the G Ledger will be in excess by that amount

The Adjustment Accounts of the Sales Ledgers will show F's credit balance less by £10 and G's more by £10 than is correct

EXERCISE XVI—No 30

See *Advanced Accounts* pages 323 and 324

EXERCISE XVI—No 31

Dr		VENDORS ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Apr 1	To Cash (Depos t)	3 000			Apr 1	By Purchase of Business	33 000		
	Rent Due	15	7	8		Telephone Rent pre			
	Gas and Electric					pa d	10	1	11
	Lght due	86	17			Frs Insurance pre			
	Water Rate due	2	10			pa d	6	6	6
	Amounts rece ved on					Plate Glass Insur			
	account of the Co	10 94	13	5		ance prepa d	2	7	
July 1	Balance c/d	21 457	10	10		Amounts pa d on			
						a/c of the Lon panv	2 485	17	8
		£	35 504	13 11			£	35 504	16 1
July 1	To Share Cap tal A/c—				July 1	By Balance b d	2 47	10	10
	A lotment of 25 000					Interest	58	4	5
	Share of £1 each	2 000				" Balance c d	3 274	4	9
	as fully pa d up								
		£	25 000				£	25 000	
	To Balance b/d	3 274	4	9					

EXERCISE XVI—No 32

Dr		CONSIGNMENT ACCOUNT			Cr				
19	To Goods on Cons gmt	£	s	d	19	By B Bengalee	£	s	d
	Cash	2 000				(Account Sales)	2 500		
	A Andrews & Co	70							
	(Commiss on)	85							
	Balance	345							
	Profit on Cons gmt								
		£ 2 500					£ 2 500		

Dr		BILLS RECEIVABLE			Cr		
19	To B Bengalee	£	s	d	19	By Bank	£ s d
		1 500					1 500

EXERCISE XVI—No 32 (contd)

Dr.		BANK ACCOUNT		Cr.			
19.	To Bills Receivable " B Bengalee	£ 1,500 915	s d 11	19	By Banker's Discount " Consignment Charges	£ 15 70	s d 4

Dr		B BENGALEE		Cr.	
19	To Consignment (Account Sales)	£ 2,500	s d 11	19	By Bills Receivable " Consignment (Commission) " Cash
		£ 2,500	- -		£ 1,500 85 915 (2,500)

Dr.		DISCOUNT ACCOUNT		Cr.	
19	To Bank	£ 15	s d 4		

EXERCISE XVI—No 33

Dr		JOINT VENTURE ACCOUNT		Cr			
19	To Purchase of Debentures Cost of Issue 200 000 " Balance Net Profit Smith £2 000 Jones 2 000 <u>4 000</u> 210 000	£	s d	19	By Sales of Debentures i.e. 200 000 £1 each @ 5% premium 210 000	£	s d

Dr	SMITH'S ACCOUNT			Cr		
19	To Purchase of Debentures i.e. 20,000 £1 ea. @ 5% premium - Balance	£ 21,000 100,000 <				

Dr				JONES ACCOUNT				Cr			
19	To Purchase of Debentures i.e. 3 000 £1 each @ 5% prem Balance	£	s	d	19	By Cash (Contribution on to Joint Venture) Sales of Debentures i.e. 3 000 £1 each @ 9% premium Share of Profit on Venture	£	s	d		
		3 150	-	-			100 000	-	-		
		102 120	-	-			3 270	-	-		
							2 000	-	-		
		£105 270					£105 270				

Dr				B s LEDGER				A s ACCOUNT				Cr			
19				£	s	d	19				£	s	d		
Jan	1	To Goods		500			Jan	1	By Bills Receivable		500				
July	3	C (Bankers)		500	0		July	3	C (Bankers)		100				
	3	Interest		12		4		3	Bills Receivable		200				
									(3 mos)						
								3	Bills Receivable		212	5	2		
									(@ m% including Interest)						
				£1 012	5	2					£1 010	0	2		

Dr			DISCOUNT ACCOUNT			INTEREST ACCOUNT			Cr		
19 Mar 31	To C (Bankers)		£	12	s 10 d -	19 July 3	By A		£	12	s 10 d 2

Dr		BILLS RECEIVABLE ACCOUNT						Cr			
19 Jan 1	To A	£	500	s	4	19 Mar 31	By C (Bankers)	£	500	s	4
July 3	A— (3 mos) £200 ~ (6 mos) 212 5 2										
		412		s	2						

Dr		C (BANKERS)		Cr	
19 Mar 31	To Bal. Brought over	£ 500	19 Mar 31	By Discount Charges (5% for 3 mos) A (including Noting Charges)	£ 25
July 3	A	100			500

INCOME AND EXPENDITURE ACCOUNT AS AT 31ST DECEMBER 19, .

EXPENDITURE		£	s	d	£	s	d
To Rent					500	-	-
" Rates Taxes, Lighting etc					436	-	-
" Secretary's Remuneration					150	-	-
" Stewards' and Servants' Wages					600	-	-
" Printing Stationery					145	-	-
" Law Charges					18	-	-
" Washing Linen, etc					107	-	-
" Repairs to House Furniture					409	-	-
" Conversation Expenses					95	-	-
" Interest on Loan					6	-	-
" Amounts written off—							
Furniture		123	-	-			
Structural Improvements		100	-	-	223	-	-
" Surplus of Income over Expenditure					34	-	-
					£2,723	-	-

C.

19 Dec 31	To Drawings Account	£ 411	s 10	d 10	19 Jan 1	By Cash	£ 3 000	s 150	d 11
" 31	Balance c/d	3 676	13	1	Dec 31	Interest on Cap to Share of Profit	587	13	11
		£4 037	13	11			£4 037	13	11

 C_r

19 Dec 31	To Drawings Accou	£ 359	s 13	d 4	19 Jan 1					£ 2 000	s 0	d 0
" 31	Balance c/d	2 374	6	0	Dec 31	By Cash				100		
					31	Interest on Capital				634	1	5
						Share of Profit						
		£ 734	1	5						£ 2 734	1	5

19 Dec. 31	To Drawings Account	£ 358	s 4	d 7	Jan 1	By Cash	£ 1 000	s	d
31	Balance c/d	1 309	6		Dec 31	Interest on Capital	50		
					31	Share of Profit	507	5	1
					31	Salary	200		
		(1 757)	5	1			(1 757)	5	1

D s DRAWINGS ACCOUNT

		Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar	1 To Cash	10	4	3	4	100		
May	1 Cash	8	2	10		75		
July	1 Cash	6	3	2	6	125		
Sept	1 Cash	4		16	8	50		
Nov	1 Cash	2		8	4	50		
Dec	31 Interest					11		10
Total transferred to DEBIT of Cap A/c						£411		10

EXERCISE XVI—No 36 (cont'd)

Dr

E's DRAWINGS ACCOUNT

			Mths	Interest			Amount		
				£	s	d	£	s	d
19									
Jan	1	To Cash	12	2	10	-	50	-	-
Feb	1	" Cash	11	2	5	10	50	-	-
Apr	1	" Cash	9	1	17	6	50	-	-
Aug	1	" Cash	5	2	1	8	100	-	-
Oct	1	" Cash	3		17	6	70	-	-
Dec	1	" Cash	1		2	6	30	-	-
"	31	Interest					9	15	-
		Total transferred to DEBIT of Cap A/c					£359	15	-

Dr

F's DRAWINGS ACCOUNT

			Mths	Interest			Amount		
				£	s	d	£	s	d
19									
Mar	1	To Cash	10	3	2	6	75	-	-
June	1	" Cash	7	2	3	9	75	-	-
Aug	1	" Cash	5	2	1	8	100	-	-
Oct	1	" Cash	3		12	6	50	-	-
Dec	1	" Cash	1		4	2	50	-	-
"	31	" Interest					8	4	7
		Total transferred to DEBIT of Cap A/c					£358	4	7

EXERCISE XVI—No. 37

See *Advanced Accounts, Chapter XV* (page 345 onwards), for complete range of specimens of Statutory and Statistical Books, which would be necessary in addition to the ordinary Financial Records

EXERCISE XVI—No. 38

JOURNAL

19..		£	s	d	£	s	d
Jan 1	Business Purchase Account . To Vendor . Being purchase price of business as per agreement dated	50,000	-	-	50,000	-	-
" 5	Application Account To Share Capital 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
" 6	Allotment Account To Share Capital 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
Feb. 10	Vendor's Account To Share Capital 40,000 £1 shares issued to vendor as fully paid being part pay- ment of purchase price of busi- ness	40,000	-	-	40,000	-	-
" 10	Vendor's Account To Debentures 10,000 5% debentures issued to vendor to complete payment of purchase price of business	10,000	-	-	10,000	-	-
" 10	First Call Account To Share Capital 5/- per share on 35,000 shares	8,750	-	-	8,750	-	-
		£126,250	-	-	£126,250	-	-

CASH BOOK

(DEBIT SIDE)

19..		£	s	d
Jan 5	To Application Account	8,750	-	-
" 10	" Allotment Account	8 750	-	-

EXERCISE XVI—No 39 (cont'd)

<i>Dr.</i>				SMITH'S LOAN ACCOUNT				<i>Cr.</i>					
19..	To Cash												
						£	800	19	By Balance			£	800

CASH ACCOUNT				Cr.			
Dr.	19	£	s	d	£	s	d
To Balance							
" Realization Account							
" Deficiency Account—							
Brown		156	-	-	By Bank Overdraft	1 000	
Jones		156	-	-	Sundry Creditors	5 840	
					Exps on Realization	120	
					" Jones' Loan A/c	500	
					" Smith's Loan A/c	800	
					" Capital Accounts—		
					Jones, 1/4	2 660	
					Brown, 1/4	1 862	

MONES CAPITAL ACCOUNT

	£	s	d	19	By Balance	£	s	d
To Share of Robinson's Overdrawn A/c	340	-	-		(Jones Loan A/c closed by Cash)	3 000	-	-
Cash	2 660	-	-					
	£3 000	-	-			£3 000	-	-

BROWN S CAPITAL ACCOUNT

	19	To Share of Robinson's Overdrawn A/c Cash	L	s	d	19	By Balance	L	s	d
			238	-	-			2 100	-	-
			1 862	-	-					
			<u>£2 100</u>	-	-			<u>£2 100</u>	-	-

ROBINSON S CAPITAL OVERDRAWN ACCOUNT

[illegible]

EXERCISE XVI—No 4a.

JOURNAL

19..		£	s	d	£	s	d
	Share Capital Account . .	150	-	-			
	To Forfeited Shares A/c . .				50	-	-
	„ Calls in Arrears A/c . .				100	-	-
	X (shareholder)	130	-	-			
	Forfeited Shares A/c	20	-	-			
	To Share Capital A/c				150	-	-
		£300	-	-	£300	-	-

EXERCISE XVI—No 4b

JOURNAL

	£	s	d	£	s	d
Profit and Loss Account . .	76,500	-	-			
To Debenture Stock Interest . .				40,000	-	-
„ Interest on Mortgages, etc . .				10,000	-	-
„ Directors' and Trustees' Fees, etc . .				18,000	-	-
„ Loss on House				5,000	-	-
„ Compensation Levy				5,500	-	-
Balances transferred						
Profit and Loss Account . .	43,500	-	-			
To Appropriation Account . .				43,500	-	-
Balance transferred						
Appropriation Account . .	43,500	-	-			
To Dividends on Pref Shares . .				15,000	-	-
„ Reserve Fund				28,500	-	-
Balances transferred						
	£163,500	-	-	£163,500	-	-

EXERCISE XVI—No 41 (contd.)

PROFIT AND LOSS ACCOUNT

Dr

Cr

19		£	s	d	19		£	s	d
	To Debenture Stock Interest	40 000	-	-		By Balance	120 000	-	-
	Interest on Mortgages	10 000	-	-					
	Directors Fees etc	10 000	-	-					
	Loss on House	5 000	-	-					
	Compensation Levy	5 500	-	-					
	Appropriation Account	43 500	-	-					
		£120 000	-	-			£120 000	-	-

Cr

APPROPRIATION ACCOUNT

Dr

18		£	s	d	19		£	s	d
	To Reserve Fund	28 500	-	-		By Profit and Loss Account	43 500	-	-
	, Dividends on Preference Shares	15 000	-	-					
		£43 500	-	-			£43 500	-	-

TRADING AND PROFIT AND LOSS ACCOUNT

F 19	Debit Side	A DEPT			B DEPT			C DEPT			D DEPT			TOTAL		
		£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
F 19	To Stock	2 800	-	-	-	-	-	-	-	-	-	-	-	4 500	-	-
	By Purchases	10 800	-	-	1 100	-	-	400	-	-	700	-	-	69 000	-	-
	Gross Profit	14 700	-	-	27 000	-	-	12 000	-	-	13 000	-	-	3 150	-	-
					9 900	-	-	5 300	-	-	5 250	-	-			
		£11 000	-	-	£10 000	-	-	£15 700	-	-	£18 980	-	-	£105 680	-	-
	To Rent Rates etc	540	-	-	686	-	-	270	-	-	324	-	-	1 800	-	-
	By Marine Insurance	720	-	-	686	-	-	303	-	-	452	-	-	2 400	-	-
	By Salaries	440	-	-	608	-	-	270	-	-	324	-	-	1 800	-	-
	By Travellers Expenses	1 620	-	-	1 958	-	-	610	-	-	872	-	-	5 400	-	-
F 19	By Commission	360	-	-	444	-	-	180	-	-	216	-	-	1 200	-	-
	By Advertising	1 440	-	-	1 776	-	-	720	-	-	864	-	-	4 800	-	-
	By Stationery etc	240	-	-	297	-	-	405	-	-	486	-	-	2 700	-	-
	By Telegrams	280	-	-	222	-	-	60	-	-	108	-	-	600	-	-
	By Bank Charges	16	-	-	44	-	-	18	-	-	21	-	-	120	-	-
	By Discount Account	450	-	-	555	-	-	215	-	-	270	-	-	1 500	-	-
	By Incidental Expenses	220	-	-	311	-	-	145	-	-	162	-	-	900	-	-
	By Interest Loss	900	-	-	1 110	-	-	450	-	-	510	-	-	3 000	-	-
	By Net Profit	6 834	-	-	7 198	-	-	-	-	-	560	-	-	7 593	-	-
		£14 700	-	-	£9 900	-	-	£3 913	-	-	£5 260	-	-	£73 813	-	-
F 19	By Sales	30 000	-	-	37 000	-	-	15 000	-	-	18 000	-	-	100 000	-	-
	By Stock	1 000	-	-	1 000	-	-	700	-	-	900	-	-	5 180	-	-
		£31 000	-	-	£38 000	-	-	£15 700	-	-	£18 980	-	-	£105 680	-	-
	By Trading Accounts	14 700	-	-	9 900	-	-	3 900	-	-	5 260	-	-	33 180	-	-
	By Net Loss	£14 700	-	-	£9 900	-	-	£3 913	-	-	£5 260	-	-	£73 813	-	-

EXERCISE XVI—No 42 (cont'd)

THE GENERAL TRADING CO LTD
GENERAL PROFIT AND LOSS ACCOUNT

Dr					Cr			
	f	s	d	19	By Net Profits— A Dept B Dept C Dept	f	s	d
19						6 834	12	-
To Net Loss on C Dept	633					198		-
Bad Debts Reserve	300					560		-
Discount Reserve	454							-
Depreciation of Furniture	108							-
Balance Net Profit c/d	6 098							
	£7 593					£7 593		

Dr					Cr			
	f	s	d	19	By Profit for Year	f	s	d
19						6 098		-
To Half year's Dividend	450							-
Reserve Fund	3 000							-
Balance to Balance Sheet	2 648							-
	£6 098					£6 098		-

THE GENERAL TRADING CO., LTD.
BALANCE SHEET AS AT 30TH JUNE 19

CAPITAL AND LIABILITIES		£		s	d	£	s	d	£	s	d
<i>Nominal Capital—</i>											
20,000 6% Preference Shares of £1 each		20 000		-	-				1 080		
20,000 Ordinary Shares of £1 each		20 000		-	-				108		
	£	40 000		-	-						972
<i>Issued Capital—</i>											
15,000 6% Preference Shares, fully paid		15 000		-	-				3 000		
15 000 Ordinary Shares, fully paid		15 000		-	-				1 000		
									700		
									980		
									23 000		5 680
									300		
Reserve Fund						30 000					
Bills Payable						3 000					
Sundry Creditors						1 500					
Income Tax Reserve						12 000			22 700		
<i>Profit and Loss Account—</i>						300			454		
Balance available for Dividend						2 648					22 246
											6 000
											5 000
											3 550
											2 500
											3 500
						£ 49 448				£	49 448

673

THE CHIDDINGFOLD MANUFACTURING CO., LTD

Dr		APPROPRIATION ACCOUNT				By Current Year's Profit		Cr	
19..	£	s	d	£	s	d	£	s	d
To Reserve Account	7 000	-	-				19 291	-	-
" Superannuation Fund	516	-	-					-	-
" Balance to Balance Sheet	11 775	-	-					-	-
	£ 19 291	-	-				£ 19 291	-	-

BALANCE SHEET AS AT 31ST JANUARY 19									
CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS	
<i>Nominal Capital—</i>								Machinery and Plant	8 750
50 000 6% Pref Shares of £1 each		50 000	-	-				Less Depreciation	875
50 000 Ord Shares of £1 each		50 000	-	-					7 875
		£100 000	-	-				Horses and Carts	720
<i>Issued Capital—</i>								Less Depreciation	214
20 000 6% Pref Shares fully paid		20 000	-	-					
5 000 Ord Shares, fully paid		5 000	-	-				Stock	19 876
					25 000			Sundry Debtors	500
<i>4½% Debentures—</i>								Less Discount Reserve	
200 Bonds of £100 each					20 000				
Reserve Fund					7 000			£5 000 Consols at cost	
Bills Payable					320			(Investment of Employees' Superannuation Fund, as per <i>contra</i>)	
Sundry Creditors					4,340			Cash at Bank	5 784
<i>Outstanding Items—</i>								Cash in hand	210
Rent		379	-	-					
Travellers' Commission		342	-	-				Telephone Rent Prepaid	
Employees' Superannuation Fund					721			Insurance Unexpired	
<i>Profit and Loss Account—</i>					4 360				
Bal available for Distribution					11,775				
					£ 73 516				£ 73 516

EXERCISE XVII—No 1

An electrical firm may be manufacturing (a) wireless sets (b) electric vacuum cleaners and (c) electric irons each being produced in a separate department. As there are three distinct classes of goods the factory may be divided into three departments and the cost of each department ascertained. When this has been done the total cost of each can be divided by the output of each to give the cost per unit. The materials used wages and expenses should be analysed into departmental costs by means of abstracts and the sales of each department analysed in the Sales Day Book. A departmental overhead rate should be arrived at for factory expenses and indirect wages after carefully ascertaining the facts by analysis. This factory overhead may be charged to the respective departments on the basis of direct wages or on working hours or number of units produced. Probably the direct wages basis will render the most reliable results.

The expenses enumerated may be dealt with in Cost Accounts as follows—

- (a) Rent and rates allocated to departments on basis of area occupied by each department
- (b) Discount and bank charges divided in ratio to money value of sales from each department
- (c) Depreciation divided according to inventory value of machinery and plant
- (d) Travellers' salaries and expenses apportioned in ratio to money value of sales from each department
- (e) Management salaries allocated in the ratio of wages paid in each department. It is presumed these salaries are for departmental management.
- (f) Debenture interest divided according to capital value of assets in each department.

EXERCISE XVII—No 2

See *Advanced Accounts* page 809 (under Classes of Cost Accounts)

EXERCISE XVII—No 3

Simpson & Co. in order to gain the information *re* the cost of the manufacture of various pumps will inaugurate a system of costing of which the following suggestions are the main features—

- (1) The materials issued for use on each class of pump to be indented for on suitable Stores Requisition Cards that will enable the Costing Department to know precisely the amount of materials used on the manufacture of each class of pump.
- (2) The wages paid to workmen engaged on constructing the pumps to be entered in a suitably ruled Wages Analysis Book so that the exact amount of wages paid on each class of pump made may be correctly allocated.
- (3) Indirect expenditure must be equitably charged against each class of pump manufactured. For this purpose a proportion on the basis of wages paid on each class of pump made would be a fair charge.

EXERCISE XVII—No 4

See *Advanced Accounts* page 831 (Colliery Cost Sheet)

EXERCISE XVII—No 5.

See *Advanced Accounts*, page 809 (1st section); also pages 810 and 811
Specimen of Cost Sheet as on page 830 of *Advanced Accounts*

EXERCISE XVII—No 6

The unit or units of output for the preparation of Cost Accounts of—

Breweries is per barrel of beer brewed

Brickworks is per 1,000 bricks made

Collieries is per saleable ton of coal raised

Electric Light Works are (a) per ton of coal used and (b) 100 Board of Trade
units of electricity sold

Gasworks are (a) per ton of coal carbonized, and (b) 1,000 cu ft or therm of
gas sold

Iron and Steel Manufacturers is per ton of iron, or steel produced.

Tramways are (a) per car mile run and (b) per kw hour.

Water Works is per 1 000 gal of water consumed

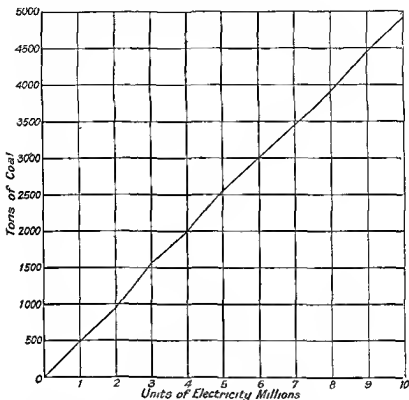
EXERCISE XVII—No 7

Conclusions to be drawn are—

- (1) Output has increased in direct ratio with increased expenditure.
- (2) Percentage of expenditure in relation to output is moderate
- (3) Uniform ratio of expenditure with output for two years suggests that
little or no margin for waste of material was possible
- (3a) Wages appear on the up grade
- (4) An efficient system of costing was in operation

EXERCISE XVII—No 8

Chart showing Output of Electricity and Consumption of Coal



EXERCISE XVII—No 9

See *Advanced Accounts* page 810 (under Objects of Cost Accounts)
Suitable tests to ensure accuracy are as follows—

(a) The amounts expended on materials and wages should agree with the amounts in the accounts of materials and wages in the financial books (although arrived at independently) by comparison

(b) If the Cost Books have been kept on the double entry principle reconciliation with financial books should be attempted and if the result is an approximation to agreement it may be assumed accurate records are being kept

EXERCISE XVII—No 11 (contd)

percentage of Costs of Distribution would indicate a satisfactory and efficient administration

(f) The detection of fraud in Accounts is in regard to fluctuation of percentages generally calling for close investigation into their cause

EXERCISE XVII—No 12

The firm would require to institute a system of costing in addition to the usual financial records. As the main undertaking of the firm is on **CONTRACTS** it would be expedient to have the following additional books—

- (1) Stores Received
- (2) Stores Issued
- (3) Stores Ledger
- (4) Wages Book (analysis columns for wages paid on each **CONTRACT**)
- (5) Cos (or it may be termed **CONTRACTS**) Ledger

The ordinary Purchase Books may be modified (as to rulings) as is illustrated on page 822 of *Advanced Accounts*

Materials issued for use on contracts must be by special requisition and suitable forms will be used

EXERCISE XVII—No 13

See *Advanced Accounts* pages 825 (under **OVERHEAD**) and 826

EXERCISE XVII—No 14

The answer to Question XVII—No 12 will suit this question. The co-ordination with the commercial accounts is effected by an adjustment account constructed on the self balancing Ledger principle

EXERCISE XVII—No 15

The **COST BOOK ACCOUNT** is the Total Account of Expenditure on Contracts incorporated in the **Nominal Ledger** in order to co ordinate the Cost Books with the financial books

EXERCISE XVII—No 16

The basis on which standing charges and establishment expenses are to be allocated requires a close investigation into questions of expenditure on materials wages and of the class and use of machinery before determining the question. Note must be taken in the instance under consideration that there are two problems to be overcome (1) castings in one case are large and heavy and (2) castings are very small and intricate. The inference is that in No 1 the cost of materials would be great and the payment in Wages small (comparatively) and that No 2 indicates the cost of materials to be small and the payment in Wages to be large (comparatively). The use of machinery in No 1 may be less expensive than that used on No 2. It appears then that the allocation of **OVERHEAD** must be on the following bases—

EXERCISE XVII—No. 16 (*contd.*)

(a) For large and heavy castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No. 1).

(Item No. 1 × 100)
 Materials

General (Items Nos. 2-5)

(Items Nos. 2-5 × 100)
 Factory Cost

TOTAL COST £

(b) For very small and intricate castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No. 1).

(Item No. 1 × 100)
 Wages

General (Items 2-5)

(Items Nos. 2-5 × 100)
 Factory Cost

TOTAL COST £

EXERCISE XVII—No. 17

See *Advanced Accounts* page 825 (under OVERHEAD)

EXERCISE XVII—No. 18

REVENUE ACCOUNT (WITH PERCENTAGES FOR OTHER YEARS)

DEBITS.	Amount	3rd Year	2nd Year	1st Year
To Stock, 1st Jan. £3 000 less Stock 31st Dec. £2,000	1 000	10 00	10 25	11 00
" Purchases	2,500	25 00	24 60	25 75
" Wages	3,000	35 00	34 65	36 00
" Salaries	750	7 50	8 05	7 25
" Trade Expenses	500	5 00	5 74	4 78
" Office Expenses	250	3 50	3 44	3 25
" Bad Debts	75	4 75	65	70
" Commission to Travellers	100	1 00	1 20	1 13
" Interest and Commission	35	35	40	37
" Balance, Net Profit	1,190	11 90	10 81	9 79
Credits	10 000	100 00	100 00	100 00
By Sales, Net	10,000	100 00	100 00	100 00

The advantages connected with a tabular system of percentages are as enumerated in the answer to Question XVII—No. 11

The disadvantages are that percentages on actual figures do not explain circumstances that give rise to variations in purely statistical results, and on that account may be misleading

EXERCISE XVII—No 19

Methods of remuneration are discussed on pages 814 to 816 of *Advanced Accounts*

EXERCISE XVII—No 20

Control of time is explained on page 812 of *Advanced Accounts*

EXERCISE XVII—No 21

Control of material in a costing system is provided for by the use of the following cards and books (For explanations of Uses to which Cards and Books are put see *Advanced Accounts* pages 817 to 825)

CARDS

- 1 Store Record Card
- 2 Bin Card
- 3 Store Requisition
- 4 Materials Abstract (a sheet)

BOOKS

- 1 Stores Received Book
- 2 Stores Issued Book
- 3 Stores Ledger
- 4 Purchase (Analysis) Book
- 5 Cost Ledger

EXERCISE XVII—No 22

See Form of Wages Abstract on page 816 of *Advanced Accounts*

EXERCISE XVII—No 23

See Chart of Components of Cost on page 811 of *Advanced Accounts*

EXERCISE XVII—No 24

Dr PUBLICATION OF BOOK ACCOUNT

Cr

		£	s.	d.			£	s.	d.
Year 1	To Printing Wages	1	120		Year 1	By Sales 2 500 Copies at 6s.	1	750	
	" Paper	1	190			Stock at Cost c/d		149 10	
	Binding Material	1	110						
	Advertising	1	40						
	Royalties	1	125						
	Profit on Sale	1	314	10					
			£899	10				£899	10
Year 2	To Stock at Cost b/d		149	10	Year 2	By Sales—1 700 at 6s.		360	
	Royalty on 1 300 copies at 1s.					Sales—100 at 3s		15	
	" Profit on Sales		166	10					
			£375					£375	

EXERCISE XVII No 24 (contd)

JOURNAL

			£	s	d	£	s	d
Year 1	Publication of Book Account	2	460	-	-			
	To Printing Wages					120		
	„ Paper					190		-
	„ Binding Materials					110		-
	„ Advertising					40		-
	Transfer of costs of production etc of book							
Year 1	Publication of Book Account	2	125			125		
	To Author							
	Royalty at 1s each on 2 500 copies sold							
	Author		125					
	To Bank					125		
	Payment of royalty on 2 500 copies sold							
	Sundry Customers		750					
	To Publication of Book Account	2				750		
	2 500 copies sold at 6s each							
			£1 460		-	£1 460		

EXERCISE XVII No 25

My mo Stock
Mum Stock

STORIS LTD
Article
Order Level

Account No
Col No
Unit

UE

P

Date	To Whom ced	Inventory No	Con per Um	In o ce Certifi a		D e	To Whom a Used	Requ on No	Q an y	u a P O	Va
				Das l d	In a s						
May 14	X row U son	28 84	56 5	106	1 W	9 day 8 d	1 b No 79 b No 79 Da an	97 21	50 60 5 300	56 3 3	6 3 5 25 3 5 77 0
June 1	La nce										

EXERCISE XVII—No. 25 (contd.).

The first supply of 100 articles have all been issued and 50 of the second supply, leaving 150 of the second supply at 5s in the Account would be—

Receipts				Issues								
Date	From Whom Received	Delivery Note No	Quantity	Cost per Unit	Invoice Certificate		Date	To Whom (or Work) Issued	Requisition Note No	Quantity	Issue Price per Unit	Value
					Date Paid	Initials						
May 1	X Brown	28	100	5/6	10/6	J W	19	Job No 179	97	40	5/8	£ 13 15 -
May 14	B Wilson	64	200	5/-			May 21	Job No 179	211	50	5/8	13 15 -
							31	Job No 179	211	50	5/-	12 10 -
								Balance		150	5/-	37 10 -
June 1	Balance		150							300		£77 10 -

The second Account illustrates a system which if used reasonably limits the

The second Account illustrates a system which, if used, would result in the values of the physical stock agreeing, within reasonable limits, with the values as disclosed by the stores records.

EXERCISE XVII—No 26

The following is a Cost Sheet for the production of Pedestal Bearings—

COST SHEET

Works Order No 7841

Date 5th April 19

Customer F Wilson

Promised 20th April 19

Particulars 10x3

Delivered 18th April 19

Pedestal Bearings

Wages				Material Used	Requisition Note No			
Shop No 1	Shop No 2	Shop No 3				£	s	d
Apr 8 12 hours at 2/6	2 hours at 2/	16 hours at 2/-	Apr 8	Iron Castings	271	6	2	8
15 14 hours at 2/6	2 hours at 2/	10 hours at 2/		Brass Castings	272		2	
				Wt Bar 1½	273		1	10
				Steel Nuts	274			5 6
26 hours at 2/6	4 hours at 2	7½ hours at 2/						
Total Materials								
Wages—								
Shop No 1—26 hours at 1/6								
2—4 2/								
3—26 2/								
Total Wages								
Factory Expenses—								
Shop No 1—26 hours								
2—4								
30 at 2/								
3—9 at 3/								
Total Factory Overhead								
Office Overhead 20%								

A Wages Abstract is made showing the allocation of the total wages paid against the various jobs and it is from this that the information as to the wages in each of the three shops shown in the Cost Sheet is obtained. Issues from stores of materials for use on jobs are made on Requisition Notes and it is from these requisitions that particulars of the materials shown in the Cost Sheet are obtained. The Factory Expenses are on the basis of so much per labour hour of each shop determined from data of actual shop costs divided by shop labour hours. The office overhead is determined from data of actual office overhead divided by factory cost multiplied by 100 to give the percentage of office overhead to be added in Cost Sheets. The materials issued will be recorded in a Materials Abstract Book from which the total stores issued can be determined.

✓ EXERCISE XVII—No. 27.

When possible it is desirable to maintain agreement between the financial and costing records in order that a check may be kept on the costing records, and to avoid undiscovered omissions of material, wages or other costs in the work of the Costing Section. The extent to which it is desirable to maintain such agreement is the prime cost and works overhead at least, and it may extend also to office overhead. Purchases should be dealt with as follows—

(a) Items from Purchase Analysis Book for goods supplied direct to contracts are posted to the Cost Ledger and in the financial books these items are posted individually or by means of monthly totals of analysis columns provided for the purpose to appropriate accounts and summarized to the debit of Manufacturing Account.

(b) The summary of material issued from stores prepared from Stores Issue Notes should be recorded in a Materials Abstract Book. The details of materials are posted to the debit of the jobs concerned and in the financial books the total of these items goes to debit of Manufacturing Account, and credit of Materials Account.

As regards wages the total wages shown by the wages abstract will be charged to the individual jobs in the Cost Ledger and debited in the financial books to Manufacturing Account. Wages chargeable to expenses items will be debited to Expenses Account in the nominal Ledger and the total amount of wages earned credited to the Wages Account.

Carrying out the foregoing the Cost Ledger records are—

Various Job Accounts

	£	s	d
To Materials (direct)	78	19	6
, Materials (stores issues)	276	9	1
, Wages	129	18	6

COST LEDGER SUMMARY

Job No.	Name	Materials						Wages		
		Special			Stores					
356	Jones Brothers (and others) <i>Note: These figures summarize what in practice would be given in detail</i>	£ 78	19	6	£ 276	9	1	£ 129	18	6

and the financial book records are—

Dr		MATERIALS ACCOUNT						Cr		
		£	s	d				£	s	d
						By Manufacturing Account Stores Issue, as per Issue Note		276		1
Dr		DIRECT MATERIALS ACCOUNT						Cr		
			s	d				£ 78	19	6
						By Manufacturing Account				
Dr		WAGES ACCOUNT						Cr		
		£	s	d				£ 129	18	6
						By Manufacturing Account				

EXERCISE XVII—No 27 (contd.)

Dr	MANUFACTURING ACCOUNT						Cr
	£		s	d			£ s d
To Materials Used—							
Special Purchases	78	19	6				
Store Issues	276	9	1				
Wages	129	18	6				

The actual cost of purchases delivered to stores is brought to debit of Materials Account the balance of that account being the cost of materials in store and can be checked by physical stock taking. The cost of purchases of material delivered direct to jobs is debited to Direct Materials Account and the credit entry should close the account. The wages paid should be debited to Wages Account the credit entry shown above closing the account though it may be necessary to take into account wages not allocated that should be transferred to Works Expenses Account. The total of the debit to Manufacturing Account should equal the total of work in progress as shown by a schedule taken from the Job Accounts in the Cost Ledger. When a job is completed its cost is shown separately in the Cost Ledger Summary and is transferred to a Finished Goods Account in the financial books from the Manufacturing Account by the introduction to the credit of that account as a carry down figure of the cost value of work in progress the balance being cost of work completed the figure being compared with the completed job total in the Cost Ledger Summary.

EXERCISE XVII—No 28

The expedient adopted would be for the Lord Mayor's Secretary to pay a cheque for the sum of £2 000 into the Bank of India London for the credit of the Indian Famine Fund Madras.

The Bank would then cable to their Madras Branch advising them to credit the Indian Famine Fund with the amount.

LONDON							
Dr	CASH ACCOUNT						Cr
				19	By Indian Famine Fund (Madras)	£	s d
						2 000	- -
Dr	INDIAN FAMINE FUND (MADRAS)						Cr
19	To Cash	£	s	d			
		2 000					
Dr	MADRAS CASH ACCOUNT						Cr
19	To Lord Mayor's Fund (London)	£	s	d			
		2 000					
Dr	LORD MAYOR'S FUND (LONDON)						Cr
				19	By Cash	£	s d
						2 000	- -

EXERCISE XVII—No 29

ACCOUNT SALES OF 74 CASES OF BRADFORD GOODS sold by Messrs Robinson & Co., for account and risk of Charles Richardson & Co., London

19..		£	s	d	£	s	d
	30 cases Bradford Goods @ £120 per case				3,600	-	-
	24 cases Bradford Goods @ £125 per case				3,000	-	-
	20 cases Bradford Goods @ £130 per case				2,600	-	-
					£9,200	-	-
	<i>Charges</i>						
	Landing Charges		7	-			
	Insurance and Freight		20	-			
	Commission, 2½% of £9,200.		230	-			
					257	-	-
					£8,943	-	-

CHAS RICHARDSON'S LEDGER

Dr				Cr			
CONSIGNMENT ACCOUNT							
19		£	d	19		£	d
Feb 1	To Goods on Consignment	7,400	-	Feb 21	By Robinson & Co	8,943	-
" 1	Cash				(Account Sales)		
	Freight	£30					
	Insurance	12					
		47	-				
" 21	Balance Net Profit	1,493	-				
		£8,943	-			£8,943	-

ROBINSON & CO'S LEDGER

Dr				Cr			
CONSIGNMENT INWARDS ACCOUNT							
19		£	d	19		£	d
Feb 21	To Chas. Richardson	7,400	-	Feb 21	By Sundry Debtors	9,200	-
	Landing Charges	7					
	Insurance & Freight	20					
	Commission	230					
	(2½% of £9,200)						
		257	-				
	Balance due to Chas Richardson	1,543	-				
		£9,200	-			£9,200	-

DEFICIENCY ACCOUNT

Dr					Cr			
	19	f	s	d	19	£	s	d
To Realization A/c		2,100	-	-	By Cash— A B	700 700	-	-
					C's Capital drawn A/c			
					Over			
						1 400	-	-
						700	-	-
						£2 100	-	-

A's CAPITAL ACCOUNT

Dr					Cr			
	19	£	s	d	19	£	s	d
To Drawings Cash		1 100 4 900	-	-	By Balance	6,000	-	-
						£6 000	-	-

A's DRAWINGS ACCOUNT

Dr					Cr			
	19	£	s	d	19	£	s	d
To C's Overdrawn A/c		1 800	-	-	By Balance Capital A/c	700 1,100	-	-
						£1 800	-	-

B's CAPITAL ACCOUNT

Dr		Cr	
19	To Drawings Cash	19	By Balance
	£ 300		£ 3 000
	2 800		
	£3 000		

B's DRAWINGS ACCOUNT

Dr		Cr	
19	To C's Overdraw	19	By Balance Capital Account
	£ 900		700
	£900		200
			£900

C's CAPITAL OVERDRAWN ACCOUNT

Dr		Cr	
19	To Drawings Share of Deficiency	19	By Capital Account B's share — $\frac{1}{2}$ B's share — $\frac{1}{2}$
	£ 3 600		£ 1 800
	700		900
	£3 700		2 700
			£3 700

FINAL STATEMENT

Dr		Cr	
19	A received 1/2 of £3 700 Less Share of Deficiency	19	Cash
	£ 4 500		£ 9 300
	700		
	£ 5 200		
	B received 1/2 of £3 700 Less Share of Deficiency		
	£ 2 800		
	700		
	£ 3 500		

EXERCISE XVII—No 31

JOURNAL

19..		£	s	d	£	s	d
	Business Purchase Account	50 000	-	-	50,000	-	-
	To B						
	B	25,000	-	-	25,000	-	-
	To Share Capital Account						
	Application Account	12,500	-	-			
	Allotment Account	12 500	-	-			
	First Call Account	12 500	-	-			
	Final Call Account	12 500	-	-			
	To Share Capital Account				50,000	-	-
	5/- per share on 50 000 shares issued on application allotment and calls respectively						
	Share Capital Account	820	-	-			
	To Forfeited Shares Account				615		
	" Final Call				205		
	5/- unpaid on 820 shares						
		125 820	-	-	125 820	-	-

Dr		CASH BOOK				Cr		
		Bank				Bank		
19	To Application A/c Alotment A c First Call A/c Final Call A c (£12 500 £205)	£ 12 500 12 500 12 500 12 295	s - - - -	d - - - -	19	By Vendor Preliminary Exps Balance c/d	£ 25 000 2 290 22 590	s - - -
		£48 795	-	-			£49 795	-

EXERCISE XVII --No 32

Class of Costing	Explanation
Single	Applicable to businesses supplying a uniform product such as collieries breweries quarries etc
Departmental	Used to ascertain the profits of departments
Process	A system used to ascertain the cost of each stage of manufacture through which material passes until it becomes a final product
Job	Used to ascertain the cost of production against each job undertaken
Terminal	Applicable to undertakings where definite contracts are entered into e.g. building ships
Multiple	This method is used for undertakings in which a number of products are involved bearing little or no apparent relation to each other in cost or selling price e.g. cycles hostery boots etc
Operating	A system of costs applied where concerns carrying on public services e.g. railways tramways gas and water undertakings etc

THE ALBURY MINING CO., LTD.

TIV VFIN ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

[illegible]

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1911.

<i>Dr</i>	(<i>Title Department</i>)	<i>f</i>	<i>s</i>	<i>d</i>	<i>f</i>	<i>s</i>	<i>d</i>	<i>Cr.</i>
To Wages		2,733	-	-				
" Power, Coal etc		343	-	-	By Sales			2,599
" Share of General Expenses		104	-	-	" Stock			718
" Stores used		56	-	-	" Balance, Net Loss			197
" Carriage		215	-	-				
" Traveller's Commission		63	-	-				
		<u>£3 514</u>	-	-				<u>£3 514</u>

THE ALBURY MINING CO. LTD

BALANCE SHEET AS AT 31st DECEMBER 19

BALANCE SHEET AT 31st DECEMBER 1900			
CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
Nominal Capital—		Freehold Land at Cost	£ 7 000
50 000 Ordinary Shares @ £5 each	£250 000	Buildings at Cost	563
		Tramway Truck and Wagons	1 100
		Plant and Machinery	12 038
		Stock of Stores and Coal	988
		Stock of Licks	714
		Sundry Debtors	359
		Fin. Vein Account	8 184
		Cash at Bank	2 477
		Preliminary Expenses	410
		Balance of Profit Account (Loss)	197
			£ 34 034

EXERCISE XVII - No 34

Dr		ROYALTIES ACCOUNT				Cr		
1935 Apr 1	To Landlord Royalty of 1s a ton on 5 000	£	s	d		£	s	d
		250			By Trading Account	250		
1936 Apr 1	To Landlord Royalty of 1s. 6 d. on 13 000	650			By Trading Account	650		
1937 Apr 1	To Landlord Royalty of 1s. 6 d. on 20 000	£1,000			By Trading Account	£1,000		

Dr		SHORT WORKINGS ACCOUNT				Cr		
1935 Apr 1	To Landlord	£	s	d		£	s	d
		250			1936 Apr 1	By Balance c/d	250	
	To Balance b/d	250				By Landlord	150	
						Balance c/d	100	
	To Balance b/d	£100			1937 Apr 1	By Landlord	£100	

EXERCISE XVII—No 35.

(a) As repairs and renewals are undertaken at an opportune time, such as to plant and machinery when business is poor and the machinery consequently not running full time the cost under this heading may vary very considerably in successive years. To avoid revenue being charged each year with very unequal sums, a fixed amount may be charged each year to Profit and Loss Account and credited to a Repairs and Renewals Reserve Account the actual cost of repairs and renewals in each year being charged to the reserve.

(b) The advantage is that an equal annual amount is charged to revenue for repairs and renewals, the actual cost being thus spread evenly over successive years.

(c) REPAIRS AND RENEWALS RESERVE

Dr					Cr				
Year		£	s	d	Year		£	s	d
1	To Cost of Repairs and Renewals	163	7	6	1	By Profit and Loss Account	300	-	-
	Balance c/d	136	12	6					
		£300	-	-			£300	-	-
2	To Cost of Repairs and Renewals	300	-	-	2	By Balance	136	12	6
		£500	-	-		Profit and Loss Account	300	-	-
						Balance a/d	43	7	6
							£500	-	-
3	To Balance	63	4	6		By Profit and Loss Account	300	-	-
	Cost of Repairs and Renewals	124	3	6					
	Balance c/d	112	9	-					
		£300	-	-			£300	-	-
					4	By Balance	112	9	-

(d) The balance of the account would appear in the Balance Sheet. In years 1 and 3 it would be on the liabilities side, and in year 2 on the assets side.

EXERCISE XVIII—No 1

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 2

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 3

See *Advanced Accounts*, page 849 (under "Depreciation and Renewals").

EXERCISE XVIII—No 4

See *Advanced Accounts* page 849 (under Depreciation and Renewals)

EXERCISE XVIII—No 5

See *Advanced Accounts* page 848 (under Capital Account)

The Capital Account of a Commercial Limited Company shows only the liability of the company to its shareholders

EXERCISE XVIII—No 6

(a) Companies incorporated under special Acts of Parliament for the purpose of acquiring or constructing and working large public undertakings such as—

- | | |
|--------------|--------------------------------------|
| (1) Railways | (3) Gasworks |
| (2) Tramways | (4) Electric Light Installations etc |

(b) The principal reason for the application of the Double Account System is in regard to the presentation of Receipts and Expenditure on Capital Account which is practically a Cash Statement explanatory of how the Company has employed the shareholders' money. The statement is the first part of the Double Account Balance Sheet.

EXERCISE XVIII—No 7

See *Advanced Accounts* page 856 for *pro forma* Example of Capital Receipts and Expenditure Account. Depreciation under the Double Account System is provided by a charge against NET Revenue Account of a fixed annual amount which is credited to a Depreciation Fund Account.

EXERCISE XVIII—No 10 (cont'd)

SINGLT ACCOUNT SYSTEM

BALANCE SHEET AS AT 31st DECEMBER 19..

[illegible]

EXERCISE XVIII—No 11 THE DYNAMO ELECTRIC LIGHTING CO LTD
CAPITAL ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19

Cr

Dr

	Expended to 30th June 19	Expended to 30th June 19	Totals Expended to 30th June 19		Rece pts
	£ s d	£ s d	£ s d		£ s d
In 1 rehold Land	9 000		9 000		
" Buildings	4 000	1 000	5 000		24 000
" General Machinery & Plant	6 000	4 000	10 000		15 000
Transformers & others etc.	1 000	1 000	2 000		
Wires	5 000	3 000	8 000		
Meters	500	1 000	1 500		
" Electrical Estimates	300	100	400		
" Office Furniture	250		250		
	£20 350	£10 100	£30 450		
Balance to Balance Sheet			2 500		
			£30 000		£39 000

GENERAL BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital Account—				Stores on hand—			
Credit Balance				Coal Oil Waste etc	100		
Sundry Creditors				General Stores	2 350		
Depreciation Fund							
Debtenture Interest				Sundry Debtors			
Net Revenue Account—				Sundry Debtors for Interest on			
Credit Balance				Calls in arrear			
				Cash at Bankers and in hand			
					2 450		
					3 000		
					25		
					3 300		
					£8 775		

THE DYNAMO ELECTRIC LIGHTING CO., LTD.

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Cr.

Dr.	£	s	d	£	s	d	£	s	d
To Coal, or other Fuel including <i>Expenses on the same</i>	1,900						8,750		
" Oil, Water, Cotton Waste Engine Room Stores	750						5,000		
" Wages at Station	3,000						300		
" Repairs, Maintenance & Renewals	500			6,150					
" Rates and Taxes				300					
" Directors' Fees				1,000					
" Salaries of Staff	1,500								
" Stationery and Printing	600								
" General Establishment Charges	100			2,200					
" Law Charges				200					
" Depreciation—									
Buildings @ 2½% of £5,000	125								
Machinery @ 7½% of £10,000	750								
Mains @ 5% of £8,000	400								
Transformers @ 10% of £2,000	200								
Meters @ 15% of £1,500	225								
Electrical Instruments @ 15% of £400	60								
" Net Revenue Account				1,760					
				2,465					
				14,075			14,075		

THE DYNAMO ELECTRIC LIGHTING CO LTD

Net Revenue Account

Dr		NET REVENUE ACCOUNT		By Balance from Revenue A/c		s d	
To Interest on Debentures		£	900	-		£	2 465
" Balance available for Dividend			1 565	-		-	-
on Ordinary Stock or Shares				-		£	2 465

EXERCISE XVIII—No. 12

THE DURHAM RAILWAY CO

RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT
FOR THE HALF YEAR ENDED 31st DECEMBER 19

FOR THE HALF YEAR ENDED 31st DECEMBER 19									
	Expended to 30th June 19	Expended during Half year	Total	Received to 30th June 19	Received during Half year	Total			
	£	£	£	£	£	£	£		
To Lines Open for Traffic	826 940	25 000	851 940	280 000	10 000	290 000	300 000		
Lines in Course of Con- struction	4 000	1 000	5 000	480 000	90 000	570 000	590 000		
Lines not commenced	50	-	50	24 000	1 000	25 000	25 000		
" Working Stock	125 000	5 000	130 000	200 000	-	200 000	200 000		
" Contributions to Joint Lines	50 000	-	50 000	£994 000	-	£994 000	£1 025 000		
" Purchase of Grand Canal	5 000	-	5 000	-	-	-	-		
	£1 011 000	£31 000	£1 042 000	-	-	-	£1 042 000		
	-	-	-	-	-	-	-		

THE DURHAM RAILWAY CO
GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19.

	LIABILITIES			ASSETS		
	£	s	d	£	s	d
Debts due to other Companies . . .	500	-	-	<i>Capital Account—</i>		
Sundry Tradesmen etc . . .	20 000	-	-	Debit Balance . . .	17 000	-
Fire Insurance Fund . . .	1 500	-	-	Cash at Bank . . .	5 000	-
Superannuation Fund . . .	5 000	-	-	<i>General Stores—</i>		
<i>Net Revenue Account—</i>				Stock of Materials . . .	10 000	-
Credit Balance . . .	20 000	-	-	Traffic Accounts due to Company . . .	10 000	-
				Amounts due from other Companies . . .	1 000	-
				Sundry Tradesmen, etc . . .	4 000	-
	£ 47 000		-		£ 47 000	-

EXERCISE XVIII—No 13

THE TRENT VALLEY WATER CO
CAPITAL ACCOUNT, 31ST DECEMBER, 19.

Dr.

Cr.

	EXPENDITURE			RECEIPTS		
	£	s	d	£	s	d
To Purchase of Land . . .	3 000	-	-	By 60,000 Ordinary Shares of £1 each . . .	60 000	-
.. Construction of Works . . .	102 330	-	-	.. 20 000 Preference Shares of £1 each, 6% . . .	20 000	-
.. Mains and Service Pipes . . .	11 920	-	-	.. Debenture Stock, 5% . . .	20 000	-
.. Meters . . .	1 050	-	-	.. Premiums on Shares . . .	20 000	-
.. Parliamentary Expenses . . .	2 000	-	-	.. Balance to Balance Sheet . . .	300	-
	£ 120 300	-	-		£ 120 300	-

EXERCISE XVIII—No 13 (cont'd)

THE TRENT VALLEY WATER CO
REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Dr		REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19		Cr		
	£	s	d	£	s	d
To Salaries	600			By Water Rents	14	667
Printing	50			General Rents	350	
Incidental Expenses	37			Transfer Fees	21	
Maintenance of Pumping Stations	170					
Maintenance of Filter Beds	150					
Maintenance of Reservoirs	500					
Repairs to Mains	220					
General Repairs	155					
Directors' Fees	400					
Auditors' Fees	50					
Rates and Taxes	2 500					
Interest on Debenture Stock	1 000					
Balance to Net Revenue Account	7 674					
	15 041			£	15 041	

THE TRENT VALLEY WATER CO

Dr.

RESERVE FUND ACCOUNT

Cr

19..	To Balance	. . c/f	19		By Balance	. .	s		d
			s	d			£	s	
Dec 31			500	-	Jan 1		258	-	-
			£500	-	Dec 31	Net Revenue A/c	242	-	-
							£500	-	-

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		s		d		£		s		d	
Reserve Fund Account . . .		500	-	-	Balance from Capital Account					300	-
Sundry Creditors . . .		841	-	-	Stores on hand					340	-
Unclaimed Dividends . . .		20	-	-	Sundry Debtors for Water Rates etc	1,242	-	-			
Balance from Net Revenue Account		4 232	-	-	Sundry Debtors . . .	48	-	-			
					Investments—					1,290	-
					National War Loan Stock	250	-	-			
					Amount added this date	250	-	-			
					Cash at Bank	3 353	-	-			
					Less Amount invested in National War Loan Stock . . .	250	-	-			
					Cash in hand . . .	3,103	-	-			
						60	-	-			
										3,163	-
										£5 593	-

EXERCISE XVIII—No 14

Dr		GAS SALES ACCOUNT				Cr	
				19	By Sundry Consumers	£ 370	s 10 d -
Dr		COKE SALES ACCOUNT				Cr	
				19	By J Smith	£ 6	s 1 d
Dr		SUNDRY GAS CONSUMERS				Cr	
19	To Gas Sales Account	£ 320	s 10	d	19	By Cash	£ 304 s 9 d 6
					Discount Account	18	- 6
		£320	10			£320	10
Dr		JOHN SMITH				Cr	
19	To Coke	£ 6	s 15	d -	19	By Cash on Account	£ 1 s 15 d -
		£6	15		Balance c/d	18	15
Dr		A B CO				Cr	
19	To Gas Fittings Returns Balance c/d	£ 20	s 10	d -	19	By Gas Fittings	£ 12s - d -
		105	-			12s	-
		£125	-			£12s	-
Dr		GAS FITTINGS ACCOUNT				Cr	
19	To A B Co	£ 12s	s	d	19	By A B Co (Returns)	£ 20 s d
Dr		DISCOUNT ACCOUNT				Cr	
19	To Sundry Gas Consumers	£ 16	s	d 6			
Dr		CASH ACCOUNT				Cr	
19	To Sundry Gas Consumers, J Smith on A/c	£ 304	s 9	d 6			
		5	-				
		£309	9	6			

EXERCISE XVIII—No 15

MUNICIPAL WATERWORKS LEDGER

ATLAS ASSURANCE CO

(Loan of £10,000 @ 4% repayable in 20 years. Terms —Principal by equal annual instalments
Interest half yearly on balance outstanding)

Dr			Cr		
19	To Cash	£ 500	19	By Cash	£ 10,000
	" Cash	180		" Interest	190
	" Income Tax	9			
		10			

Dr			Messrs Stone & Co, Contractors			Cr		
19	To Cash	£ 400						

Dr		S JOHNSON & Co				Cr	
19	To Cash	£	78	s	9	d	6

Dr			INTEREST ACCOUNT			Cr		
19	To Atlas Assurance Co	£ 190						

Dr		INCOME TAX ACCOUNT				Cr		
				19	By Atlas Assurance Co	£	9	10

Dr		MATERIALS ACCOUNT		Cr	
19	To S Johnson & Co	£ 78	19	By Repairs to Mains	£ 1
		9			1
		6			6

Dr			REPAIRS TO MAINS ACCOUNT			Cr		
19	To Materials	£ 15						

Dr		CASH ACCOUNT				Cr		
19	To Atlas Assurance Co	£	10	000	19	By Atlas Assurance Co	£	500
						• Atlas Assurance Co	180	10
						• Messrs Stone & Co	400	
						• S Johnson & Co	78	9
								6

THE GREAT SOUTHERN RAILWAY
CAPITAL ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19

<i>Dr</i>	Expended to 30th June 19	Expended during Half year	Total	Receipts to 30th June 19	Receipts during Half year	Total
	£	£	£	£	£	£
To Expenditure— Upon Lines Open for Traffic	9 181 704	44 704	9 226 408	By Receipts— Ordinary Stock		5 182 500
Upon Working Stock	618 661	634	625 295	4% Preference Stock		2 702 711
				Debiture Stock		5 535 158
				Premiums Received		55 683
				Ref to Bal Sheet		308 601
	£9 798 665	£44 938	£9 843 603			£9 843 623

<i>Dr</i>	REVENUE ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19				<i>Cr</i>
	£	£	£	£	£
To Expenditure on Maintenance of Way Stations etc	38 373	-	-	By Receipts from Passengers	106 401
Locomotive Power	93 008	-	-	Parcels Carriages and Horses	9 579
Carriage and Wagon Repairs	14 858	-	-	Mails	2 641
Traffic Expenses	61 098	-	-	Merchandise	43 509
General Charges	13 342	-	-	Minerals	280 448
Shipping Expenses	18 199	-	-	Shipping	19 355
Dock and Harbour Expenses and Repairs	9 371	-	-	Docks and Harbours	39 501
Law Charges	2 697	-	-	Rents	3 977
Parliamentary Expenses	3 834	-	-		
Compensation	74	-	-		
Mileage and Demurrage	447	-	-		
Rates and Taxes	31 060	-	-		
Government Duty	395	-	-		
Balance carried to Net Revenue A/c	218 373	-	-		
	£505 409	-	-		£505 409

X Y Z CO., LTD.
CAPITAL ACCOUNT

Expenditure	Amount Expended to 1st Jan	Amount Expended during Year	Total Expendi- ture	Receipts	Amount Received to 1st Jan	Amount Received during Year	Total Received
To Freehold Land	£ 5 000	£ 500	£ 5 500	By Share Capital	£	£	£
" Machinery	6 000	1 000	7 000	" Debentures	5 000	3 000	8 000
" Buildings	2 000	300	2 300				
" Office Furniture			500				
	15 000	1 800	15 300				
To Balances to General Balance Sheet			7 700				
			£ 23 000				£ 23 000

Dr

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19.

Cr

Capital Account (Balance)		£ 2 500		Cash at bank and in hand	£	6 000	
Sundry Creditors		1 100		Investments at cost		4 000	
Interest due to Debenture Holders		300		Sundry Debtors		2 200	
Depreciation Fund Account		5 000		Stock		6 000	
Revenue Account (Cr Balance)		4 700					
		£ 18 600				£ 18 600	

EXERCISE XVIII—Nos 18 to 20

See separate sections of Chapter XVIII on—(a) Gas Companies for answer to Question 18. (b) Water Companies for answer to Question 19. (c) Electric Light Companies for answer to Question 20

EXERCISE XVIII—No 21

(a) Premiums received on an issue of Debentures would be shown as a separate liability in the Balance Sheet or be transferred to a special account i.e. Capital Reserve

(b) The Policy on A B's life if accepted as a discharge of A B's debt of £6 000 would be shown in the books of account as under—

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13		£	s	d	£	s	d
	Insurance Co (Suspense A/c)	5 000					
	Bad Debts	1 000					
	To A B				6 000		
	For life policy endorsed over by A B						
	in satisfaction of debt and balance						
	of account irrecoverable transferred						
		£6 000			£6 000		

CASH BOOK

19		£	s	d	£	s	d
	By Insurance Account				130		
	(Premiums on LIFE policy paid)						
	and so on for each year until the						
	decease of A B						
	It would be wise to write off to Profit						
	and Loss the item Insurance						

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(c)		£	s	d	£	s	d
	Plant Account	750					
	To A Co				750		
	Invoice price of machine purchased						
	A Co	300					
	To Exhibition Account				300		
	For allowance by vendor for machine						
	exhibited						
		£1 050			£1 050		

EXERCISE XVIII—No 22

The books in addition to the ordinary Books of Account to be kept for the purposes of a complete system of Cost Accounts are as detailed below—

(a) Stores Books i.e.—

(1) Stores Received (2) Stores Issued

(b) Stores Ledger

(c) Wages Analysis Book

(d) Cost Ledger

The system would provide adequate records of—

(1) Materials used

(2) Wages paid

(3) The precise cost of a job provided the Cost Ledger is suitably ruled with analysis columns for showing direct and indirect expenses (factory and office overhead)

EXERCISE XVIII—No 23

THE PATENT MIXTURES CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st AUGUST 19,, Cr.

	£	s	d		£	s	d
To Stock, 1st Sept	3093	-	-	By Sales	5571	-	-
" Purchases	5130	-	-	" " Stock, 31st Aug	4153	-	-
" Wages	915	-	-				
" Carriage Inwards	55	-	-				
" Balance, Gross Profit c/d	591	-	-				
	£9724				£9724		
To Branch Wages and Expenses	312	-	-	By Trading Account.	591	-	-
" Bad Debts	210	-	-	" Balance, Net Loss	719	16	-
" Rent, Rates and Insurance	319	-	-				
" Trade Charges	241	-	-				
" Depreciation of Plant (10% of £2,288)	228	16	-				
	£1910	16	-		£1310	16	-

EXERCISE XVIII No 23 (contd.)

THE PATENT MIXTURES CO LTD
BALANCE SHEET AS AT 31ST AUGUST 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
<i>Nominal Capital—</i>		<i>Plant and Machinery</i>	
7 500	0	2 289	16
<i>Issued Capital—</i>		<i>Less Depreciation</i>	
5 433	0	2 059	4
fully paid		4 153	
X Y Z Loan		2 890	
Bank Overdraft		3	
Sundry Creditors		719	16
		£9 825	

Comments on Final Accounts presented for Criticism—

- (a) Stock and Plant appear to have been merged in the account of Stock It is advisable to keep distinct accounts of both Stock and Plant
- (b) Depreciation on Plant is a necessary adjustment at balancing time and appears to have been overlooked
- (c) The statement of Capital in the Balance Sheet is incomplete no indication of NOMINAL OR ACTUAL value of shares being stated

EXERCISE XVIII—No 24

JOURNAL

19 .		£	s	d	£	s	d
Mar .	Share Capital Account	1,000	-	-			
	To Forfeited Shares Account				355	-	-
	, Final Call				645	-	-
	100 shares forfeited by Thomas Robinson for non-payment of amount due on aforesaid shares						
		1,000	-	-	1,000	-	-

EXERCISE XVIII—No 25

(1) The issue of Debentures at 90 per cent repayable at ten years will appear as a liability in the Balance Sheet viz "Debentures £10,000". A proportional amount of the Debenture discount will be written off each year, i.e. $\frac{10}{100}$ of £1,000 = £100 the balance appearing as an asset until extinguished.

(2) The expenditure on advertising a new patent medicine may be written off by either of the following ways—

(a) over a number of years say, from three to five,
or (b) an amount each year bearing some relation to the varying turnover, until extinguished.

(3) A debt owing by a director must be shown separately on the asset side of the Balance Sheet.

EXERCISE XVIII No 26

THE SHERRBURN IRON FURNACE CO LTD

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 19

Cr

Dr

	To O	By stor	Con Coker	Total	
To Stocks 1st Oct <i>Add</i> Increases	£ 1 8 14 7	£ 122 33 0	£ 1 400 27 247	£ 2 528 45 014	£ 46 542
Less Stocks 30th Sept	13 473 1 128	3 442 78	28 637 40	47 542 2 08	
	£ 14 345	£ 3 520	£ 27 727	£ 45 438	
Carriage Inwards Wages (Furnace) Repairs & Renewals of Furnaces, etc.				2 000 8 724 2 500	
				£ 48 660	£ 58 660
					Dr Trade A/c (For transfer of cost of P & W Iron produced)

THE SHIERBOURNE IRON FURNACE CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 19.. Cr.

	£	s	d	£	s	d
To Stock of Pig Iron 1st Oct	26 272	-	-	86 873	-	-
" Furnace A/c (cost of Pig Iron produced)	58 669	-	-	16 045	-	-
" Balance, Gross Profit	17 986	-	-			
	£102 918			£102 918		
To Rates and Taxes	1 297					
" Repairs and Renewals of Rolling Stock	1 221					
" Office Salaries and Sundry Wages	1 728			17 988		
" Travelling Expenses	237	-	-			
" Insurance (Fire & Employers Liability)	385					
" Law Charges	243					
" Bad Debts	9					
" Carriage Outwards	3 000					
" Balance, NET Profit c/d	9 876			£17,988		
	£17 986					

Dr	£	s	d	Cr.	£	s	d
To Dividends paid 31st March on account of the year ended 30th Sept. 19	5 995	-	-	By Balance, 1st Oct	7,822	-	-
" Dividend Reserve	2 000	-	-	" Current Year's Profit	9,876	-	-
" Balance to Balance Sheet	9 703	-	-				
	£17 698				£17 698		

EXERCISE XVIII—No 26 (cont'd)

THE SHERBOURNE IRON FURNACE CO LTD

BALANCE SHEET AS AT 30TH SEPTEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS			
<i>Nominal Capital—</i>		<i>Freehold Premises</i>			
150 000 Shares of £1 each	£ 150 000	Furnaces Fixed Plant & Utensils	£	£	£
<i>Issued Capital—</i>		Locomotives and Rolling Stock			
120 000 Shares of £1 each 10/		<i>Stocks—</i>			
per share called up		Pig Iron	16 045		23 400
Less 100 Shares forfeited	£ 50	Limestone	78		24 920
		Coal and Coke	900		7 431
		Iron Ore	1 128		
Forfeited Shares Account		Sundry Debtors		18 151	
Dividend Reserve Account	£ 2 000	Cash in hand		7 257	
Add transfer from Profit & Loss	£ 2 000			224	
Bank Overdraft					
Bills Payable					
Sundry Creditors					
<i>Profit and Loss Account—</i>					
Balance available for distribution					
				£ 81 363	£ 81 363

THE A R WADDELL CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	a.
<i>Nominal Capital</i> —							Freehold Land and Buildings				26,000	-
10 000 Ordinary Shares of £10 each	100 000						Plant, Machinery, and Fixtures	9,510				-
							Less Depreciation	951				-
<i>Issued Capital</i> —							Alterations and Improvements	2 505			8,559	-
500 Ordinary Shares of £10 each issued as fully paid				5 000			Less £ written off	501				-
7,500 Ordinary Shares of £10 each, £7/10/- per share called up	56,250						Goodwill				2 004	-
Less Calls in Arrears	250						Stock				10,000	-
							Sundry Debtors	18,342			12,347	-
							Less Bad Debts Reserve	500				-
5% Debentures				56 000			Cash in hand				15,842	-
Debenture Interest accrued				5 000			Insurance prepaid				199	-
Reserve for Depreciation of Buildings				125			Profit and Loss Account (balance)				50	-
Bank Overdraft				3,000							3,000	-
Bills Payable				1 789								-
Sundry Creditors				962								-
				6,124								-
				£78 000							£78 000	-

MONTHLY COST SHEET

	£	s	d	£	s	d	£	s	d	Per cent of total cost
<i>Direct Materials—</i>										
Pig Iron	342	—	—							
Scrap	68			410						
				150						
Direct Wages							560			58 33
<i>Indirect Materials—</i>										
Sand	4									
Limestone	70									
Sundry Stores	22									
							98			10 00
							104			
<i>Fuel</i>										
<i>Indirect Wages—</i>										
Coremakers	30									
Foremen	37									
Dressers	39									
Other Wages	34									
							140			
Overhead Foundry Expenses—										
40 per cent on £150 direct wages							60			
Cost of producing 420 cwt castings							£960			
Cost per cwt of castings							£2	5	9	

EXERCISE XVIII—No 29

JOURNAL

			£	s	d	£	s	d
1932								
Jan 1	Debenture Holders .	2	19,000	-	-			
	Debenture Discount Account	4	1,000	-	-			
	To Debenture Account	3				20,000	-	-
	Issue of 200 debentures of £100 each at 95							
1932/36								
	Profit and Loss Account .	7	500	-	-			
	To Debenture Discount Account	4				500	-	-
	Amount written off							
1937								
Jan 1	Debentures Account	3	20,000	-	-			
	To Share Capital Account	5				19,000	-	-
	.. Share Premium Account	6				500	-	-
	.. Debenture Discount Account	4				500	-	-
	Being conversion of £20,000 debentures into 19,000 Shares of £1 each shares allotted this day							
			£40,500	-	-	£40,500	-	-

Dr

BANK ACCOUNT

Cr

1932			£	s	d			
Jan 1	To Debenture Holder	2	19,000	-	-			

Dr

DEBENTURE HOLDERS

Cr

1932			£	s	d	1932			£	s	d
Jan 1	To Debentures	1	19,000	-	-	Jan 1	By Bank	1	19,000	-	-

Dr

DEBENTURES ACCOUNT

Cr

1937			£	s	d	1937			£	s	d
Jan 1	To Share Capital Account	1	19,000	-	-	Jan 1	By Debenture Holders	1	19,000	-	-
	.. Share Premium Account	1	500	-	-		.. Debenture Discount Account	1	1,000	-	-
	.. Debenture Discount Account	1	500	-	-						
			£20,000	-	-				£20,000	-	-

EXERCISE XVIII—No 29 (contd)

EXERCISE XVIII—No. 29 (Contd.)

4

Dr DEBENTURE DISCOUNT ACCOUNT Cr

1932 Jan 1	To Debenture	J 1	£	s	d	1532 3 1937 Jan 1	By Amos written off Debentures	J 1	£	s	d
			1 000						500		
									500		
			1 000						1 000		

Dr SHARE CAPITAL ACCOUNT Cr										5
						19 Jan 1	By Debit re	1	10 000	s d

Dr										SHARE PREMIUM ACCOUNT										Cr										6																																																	
										1937																																																																					
										Jan 1										By Debe										rec										J 1										500										s										d									

Dr PROFIT AND LOSS ACCOUNT Cr ⁷									
1937/38	To Debenture Dis- count	11	£	s	d				
			500						

EXERCISE XVIII—No 30

Dr		LEASE ACCOUNT				Cr					
Year 1	To Bank Interest		£	s	d	Year 1	By Depreciat on Balance	c/d	£	s	d
			2 000						449	5	
			80						1 630	14	
			£ 080						£2 080		
Year 2	To Balance Interest	b/d	1 630	14	11	Year 2	By Depreciation Balance	c/d	449	5	
			60	4	7				1 630	14	
			1 690	19	8				1 690	19	1
Year 3	To Balance Interest	b/d	1 246	14	5	Year 3	By Depreciation Balance	c/d	449	5	1
			49	17	5				817	6	9
			1 296	11	10				1 296	11	10
Year 4	To Balance Interest	b/d	847	6	8	Year 4	By Depreciation Balance	c/d	449	5	1
			33	17	10				431	19	6
			£881	4	7				£881	4	7
Year 5	To Balance Interest	b/d	431	19	6	Year 5	By Depreciation		449	5	1
			17	5	7						
			£449	5	1				£449	5	1

EXERCISE XVIII—No 31.

JOURNAL

19..		£	s	d	£	s	d
Mar 2	Re-valuation Account	510	-	-			
	To Stock-in-Trade				194	-	-
	.. Motor Vehicles				200	-	-
	.. Reserve for Bad Debts				86	-	-
	.. Sundry Creditors				30	-	-
	Agreed reductions in values of assets and introduction of liability omitted						
	Plant and Machinery Account	250	-	-			
	To Re-valuation Account				250	-	-
	Agreed increase in value of plant						
	W Fison Capital Account	130	-	-			
	T Barrett Capital Account	130	-	-			
	To Re valuation Account				260	-	-
	Transfer of shares of loss on re-valuation						
	Goodwill	500	-	-			
	To W Fison Capital Account				500	-	-
	Introduction of Fison's share of goodwill						
	W Fison Capital Account	2,370	-	-			
	To W Fison deceased Loan transfer				2 370	-	-
		£3,890	-	-	£3 890	-	-

EXERCISE XIX—No 1

"Short workings" relates to the right a lessee of a mine (or quarry) has to recoup out of future excess royalties for "Shorts" (or Short workings) i.e. deficiencies on Royalties to meet the Minimum Dead Rent in past years. The item is treated as a temporary asset. At the expiry of the period of recoupment of Short-workings the item would be transferred to the Profit and Loss Account.

EXERCISE XIX—No 2

INTERNATIONAL WAGON CO S LEDGER

Dr		HARD COAL COLLIERY CO					Cr		
19 July 1	To Sandres	£	s	d	19 July 1	By Cash	£	s	d
July 1	Interest (7%)	5 000			July 1	Balance c/d	300		
		17s					4 87s		
		£5 17s					£5 17s		
19 July 1	To Balance b/d	4 87s			19 Jan 1	By Cash	300		
19 Jan 1	Interest	17s	2	6		Balance c/d	4 74s	1	6
		£5 04s	12	6			£5 04s	12	6
19 Jan 1	To Balance b/d	4 74s	12	6	19 July 1	By Cash	300		
July 1	Interest	16s	1	11	July 1	Balance c/d	4 61s	14	5
		£4 91s	14	5			£4 91s	14	5
19 July 1	To Balance b/d	4 61s	14	5	19 Jan 1	By Cash	300		
19 Jan 1	Interest	16s	8	2		Balance c/d	4 47s	2	7
		£4 77s	2	7			£4 77s	2	7
19 Jan 1	To Balance b/d	4 47s	2	7	19 July 1	By Cash	300		
July 1	Interest	15s	11	2	July 1	Balance c/d	4 32s	13	9
		£4 62s	13	9			£4 62s	13	9
19 July 1	To Balance b/d	4 32s	13	9	19 Jan 1	By Cash	300		
19 Jan 1	Interest	15s	10	9		Balance c/d	4 18s	4	6
		£4 48s	4	6			£4 48s	4	6
19 Jan 1	To Balance b/d	4 18s	4	6					

HARD COAL COLLIERY CO S LEDGER

Dr		WAGON ACCOUNT					Cr		
19 July 1	To Wagon Co	£	s	d	19 Jan 1	By Balance c/d	£	s	d
		12s							
19 July 1	To Balance b/d	12s			19 Jan 1	By Balance c/d	2s	7	6
19 Jan 1	To Wagon Co	12s	7	6					
		£254	7	6			£254	7	6
19 Jan 1	To Balance b/d	2s	7	6	19 July 1	By Balance c/d	38s	5	7
July 1	Wagon Co	13s	18	1					
		£388	5	7			£388	5	7

EXERCISE XIX—No 2 (contd)

Dr		WAGON ACCOUNT (contd.).				Cr			
19		£	s	d	19		£	s	d
July 1	To Balance b/d . .	388	5	7	Jan 1	By Balance c/d . .	526	17	5
19.									
Jan. 1	" Wagon Co . .	138	11	10					
		£526	17	5			£526	17	5
19.					19.				
July 1	To Balance b/d . .	526	17	5	July 1	By Balance c/d . .	670	6	3
July 1	" Wagon Co. . .	143	8	10					
		£670	6	3			£670	6	3
19.					19.				
July 1	To Balance b/d . .	670	6	3	Jan 1	By Balance c/d . .	818	15	6
19.									
Jan 1	" Wagon Co. . .	148	9	3					
		£818	15	6			£818	15	6
19.									
Jan 1	To Balance b/d . .	818	15	6					

EXERCISE XIX—No 3

B S COAL CO'S LEDGER

Dr				INSTALMENTS ON WAGONS ON HIRE-PURCHASE ACCOUNT				Cr.			
Year 1	To Cash	£	s	d	Year 1	By Depreciation	£	s	d		
	" Wagon Account	150	-	-		" Balance c/d	115	-	-		
		200	-	-			235	-	-		
		£350	-	-			£350	-	-		
Year 2	To Balance b/d	£	s	d	Year 2	By Depreciation	£	s	d		
	" Wagon Account	235	-	-		" Balance c/d	103	10	-		
		200	-	-			331	10	-		
		£435	-	-			£435	-	-		
Year 3	To Balance b/d	£	s	d	Year 3	By Depreciation	£	s	d		
	" Wagon Account	331	10	-		" Balance c/d	91	3	-		
		200	-	-			438	7	-		
		£531	10	-			£531	10	-		
Year 4	To Balance b/d	£	s	d	Year 4	By Depreciation	£	s	d		
	" Wagon Account	438	7	-		" Balance c/d	83	16	3		
		200	-	-			554	10	4		
		£638	7	-			£638	7	-		
Year 5	To Balance b/d	£	s	d	Year 5	By Depreciation	£	s	d		
	" Wagon Account	554	10	4		" Balance c/d	75	9	1		
		200	-	-			679	1	3		
		£754	10	4			£754	10	4		

EXERCISE XIX—No 3 (contd)

Dr WAGON HIRE ACCOUNT				Dr WAGON CO			
		£	s d			£	s d
Year 1	To Wagon Co	£50		Year 1	To Cash	£400	
Year 2	To Wagon Co	£40		Year 2	To Cash	£240	
Year 3	To Wagon Co	£30		Year 3	To Cash	£230	
Year 4	To Wagon Co	£20		Year 4	To Cash	£220	
Year 5	To Wagon Co	£10		Year 5	To Cash	£210	
	(A)				(B)		

(A) Cr side of account each year would be closed by Profit and Loss Account.

(B) Cr side of account each year would be stated By Sundries.

EXERCISE XIX—No 4

Dr HIRE PURCHASE ACCOUNT				Cr			
		£	s d			£	s d
19 Jan 1	To Sales (at cost)	£1	17 6	19 Jan Dec.	By Cash		18 4
Dec. 31	Balance—Current year's profit		5 10	Dec. 31	ie (4 quarterly instalments of 4/7 each)		
					Stock (at cost) in hands of customer ie 1/3 of £1/17/6	1	5
		£2	3 4			£2	3 4

EXERCISE XIX—No 5

COLLIERY CO'S LEDGER

Dr INSTALMENTS ON WAGONS ON HIRE PURCHASE ACCOUNT				Cr			
		£	s d			£	s d
Year 1	To Wagon Co	£391	15 3	Year 1	By Depreciation Balance c/d	£216	9 6
		£391	15 3			175	5 9
Year 2	To Balance b/d Wagon Co	175	5 9	Year 2	By Depreciation Balance c/d	194	16 6
		411	7			391	16 3
		£586	12 9			£586	12 9
Year 3	To Balance b/d Wagon Co	391	16 3	Year 3	By Depreciation Balance c/d	175	6 11
		431	18 4			648	7 8
		£823	14 7			£823	14 7
Year 4	To Balance b/d Wagon Co	648	7 8	Year 4	By Depreciation Balance c/d	157	16 2
		453	10 4			944	1 10
		£1 101	18			£1 101	18
Year 5	To Balance b/d Wagon Co	944	1 10	Year 5	By Depreciation Balance c/d	142	7
		476	3 10			1 278	5 1
		£1 420	5 8			£1 420	5 8
Year 6	To Balance b/d	1 278	5 1				

EXERCISE XIX—No 5 (contd)

Dr		WAGON ACCOUNT				Cr.	
Year 1	To Cash	£ 2,164	14 9	Year 1	By Depreciation	£ 216	14 9
					" Balance c/d	1,948	5 3
		£2,164	14 9			£2,164	14 9
Year 2	To Balance b/d . .	1,948	5 3	Year 2	By Depreciation	194	15 6
					" Balance c/d	1,753	8 9
		£1,948	5 3			£1,948	5 3
Year 3	To Balance b/d . .	1,753	8 9	Year 3	By Depreciation	175	6 11
					" Balance c/d	1,578	1 10
		£1,753	8 9			£1,753	8 9
Year 4	To Balance b/d . .	1,578	1 10	Year 4	By Depreciation	157	16 2
					" Balance c/d	1,420	5 8
		£1,578	1 10			£1,578	1 10
Year 5	To Balance b/d . .	1,420	5 8	Year 5	By Depreciation	142	17
					" Balance c/d	1,278	5 1
		£1,420	5 8			£1,420	5 8
Year 6	To Balance b/d	1,278	5 1				

Dr		WAGON CO		Dr		WAGON HIRE ACCOUNT	
Year 1	To Cash	£500	4 4	Year 1	To Wagon Co . .	£108	4 9
Year 2	To Cash	£500	-	Year 2	To Wagon Co . .	£98	13
Year 3	To Cash	£500	-	Year 3	To Wagon Co . .	£68	1 5
Year 4	To Cash	£500	-	Year 4	To Wagon Co . .	£43	9 8
Year 5	To Cash	£500	-	Year 5	To Wagon Co . .	£23	16 2
		£500	-			£23	16 2

(A, On the Cr side of account each year would be stated "By Sundries."

(B, On the Cr side each year is closed by "Profit and Loss Account."

EXERCISE XIX—No 5 (contd)

SELLER'S BOOKS

Dr		COLLIERY CO					Cr		
Year 1	To H re Pu chases Sales Account Interest	£	s	d	Year 1	By Cash " Balance c/d	£	s	d
		2 164	14	9			500		
		108	4	9			1 772	19	6
		£2 272	19	6			£2 272	19	6
Year 2	To Balance b/d Interest	1 772	19	6	Year 2	By Cash Balance c/d	500		
		88	13				1 361	12	6
		£1 861	12	6			£1 861	12	6
Year 3	To Balance b/d Interest	1 361	12	6	Year 3	By Cash Balance c/d	300		
		68	1	8			979	14	2
		£1 4 9	14	2			£1 429	14	2
Year 4	To Balance b/d Interest	929	4	2	Year 4	By Cash Balance c/d	500		
		46	9	9			476	3	11
		£976	3	11			£976	3	11
Year 5	To Balance b/d Interest	476	3	11	Year 5	By Cash	500		
		23	16	1					
		£500					£500		

Dr		HIRE PURCHASE INTEREST ACCOUNT					Cr		
Year 1	To Profit and Loss	£	s	d	Year 1	By Colliery Co	£	s	d
		108	4	9			108	4	9
Year 2	To Profit and Loss	88	13		Year 2	By Colliery Co	88	13	
		66	1	8	Year 3	By Colliery Co	66	1	8
Year 4	To Profit and Loss	46	9	9	Year 4	By Colliery Co	46	9	9
Year 5	To Profit and Loss	23	16	1	Year 5	By Colliery Co	23	16	1

EXERCISE XIX—No 6

JOURNAL OF BUYER

Dr		£	s	d	£	s	d
Year 1	Wagon Account	2 164	14	10			
	Interest Suspense Account	330	5	2			
	To Wagon Co				2 500		
	For wagons purchased on instalment payment plan						

EXERCISE XIX—No. 6 (contd)

BUYER'S LEDGER

Dr.			WAGON ACCOUNT			Cr.		
19 Year 1	To Wagon Co.	£ 2,164 14 10	19 Year 1	By Depreciation " Balance c/d	£ 216 9 6 1,948 5 4	19 Year 2	To Balance b/d	£ 1,948 5 4
		£2,164 14 10				19 Year 2	By Depreciation " Balance c/d	£ 194 18 6 1,753 8 10
Year 2	To Balance b/d	£ 1,948 5 4	Year 2	By Depreciation " Balance c/d	£ 194 18 6 1,753 8 10	Year 3	To Balance b/d	£ 1,753 8 10
		£1,948 5 4				Year 3	By Depreciation " Balance c/d	£ 175 6 10 1,578 2 -
Year 3	To Balance b/d	£ 1,753 8 10	Year 3	By Depreciation " Balance c/d	£ 175 6 10 1,578 2 -	Year 4	To Balance b/d	£ 1,578 2 -
		£1,753 8 10				Year 4	By Depreciation " Balance c/d	£ 157 16 2 1,420 9 10
Year 4	To Balance b/d	£ 1,578 2 -	Year 4	By Depreciation " Balance c/d	£ 157 16 2 1,420 9 10	Year 5	To Balance b/d	£ 1,420 9 10
		£1,578 2 -				Year 5	By Depreciation " Balance c/d	£ 142 - 7 1,278 9 3
Year 5	To Balance b/d	£ 1,420 9 10	Year 5	By Depreciation " Balance c/d	£ 142 - 7 1,278 9 3	Year 6	To Balance b/d	£ 1,278 9 3
		£1,420 9 10						£1,278 9 3
Year 6	To Balance b/d	£ 1,278 9 3						

Dr		WAGON ACCOUNT					Cr		
Year 1	To Cash	£ 500	s -	d -	Year 1	By Sundries	£ 2,500	s -	d -
	Balance c/d	2 000	-	-					
		£2 500	-	-			£2 500	-	-
Year 2	To Cash	500	-	-	Year 2	By Balance b/d	2 000	-	-
	Balance c/d	1,500	-	-					
		£2 000	-	-			£2 000	-	-
Year 3	To Cash	500	-	-	Year 3	By Balance b/d	1 500	-	-
	Balance c/d	1 000	-	-					
		£1 500	-	-			£1 500	-	-
Year 4	To Cash	500	-	-	Year 4	By Balance b/d	1,000	-	-
	Balance c/d	500	-	-					
		£1 000	-	-			£1 000	-	-
Year 5	To Cash	500	-	-	Year 5	By Balance b/d	500	-	-

EXERCISE XIX—No 6 (contd)

Dr		INTEREST SUSPENSE ACCOUNT			Cr			
		£	s	d		£	s	d
Year 1	To Wagon Co	330	5	2	Year 1	By Profit and Loss (5% £2 164/14/10) Balance c/d	108	4 9
							227	5
		£330	5	2			£330	5 2
Year 2	To Balance b/d	227	5	2	Year 2	By Profit and Loss (5% £1 772/19/7) Balance c/d	88	12 11
							138	7 6
		£227	5	2			£ 77	5
Year 3	To Balance b/d	138	7	6	Year 3	By Profit and Loss (5% £1 961/12/6) Balance c/d	68	1 8
							70	5 10
		£138	7	6			£138	7 6
Year 4	To Balance b/d	70	5	10	Year 4	By Profit and Loss (5% £929/14/2) Balance c/d	46	8 6
							23	16 2
		£70	5	10			£70	5 10
Year 5	To Balance b/d	23	16	2	Year 5	By Profit and Loss (5% £476/3/10)	23	16 2

SELLER'S LEDGER

Dr		COLLIERY CO			Cr			
		£	s	d		£	s	d
Year 1	To Sundries	2 500	—	—	Year 1	By Cash	500	—
						Balance c/d	2 000	—
		£2 500	—	—			£2 500	—
Year 2	To Balance b/d	2 000	—	—	Year 2	By Cash	500	—
						Balance c/d	1 500	—
		£2 000	—	—			£2 000	—
Year 3	To Balance b/d	1 500	—	—	Year 3	By Cash	500	—
						Balance c/d	1 000	—
		£1 500	—	—			£1 500	—
Year 4	To Balance b/d	1 000	—	—	Year 4	By Cash	500	—
						Balance c/d	500	—
		£1 000	—	—			£1 000	—
Year 5	To Balance b/d	500	—	—	Year 5	By Cash	500	—

EXERCISE XIX—No 6 (*contd.*)

Dr		INTEREST SUSPENSE ACCOUNT			Cr				
Year 1	To Profit and Loss (5% on £2 164/14/10) " Balance c/d	£ 108 227 £335	s 4 5 5	d 9 5 2	Year 1	By Colliery Co " By Balance b/d	£ 335 227 £227	s 5 5 5	d 2 5 5
Year 2	To Profit and Loss (5% on £1,772/19/7) " Balance c/d	88 138 £227	12 7 5	11 6 5	Year 2	By Balance b/d	138 70 £138	7 5 7	6 10 6
Year 3	To Profit and Loss (5% on £1,761/12/6) Balance c/d	68 70 £138	1 5 7	8 10 6	Year 3	By Balance b/d	70 23 £70	5 16 5	10 2 10
Year 4	To Profit and Loss (5% on £929/14/2) " Balance c/d	46 23 £70	9 16 5	8 2 10	Year 4	By Balance b/d	23 11 £23	11 2 2	
Year 5	To Profit and Loss (3% on £476 3/10)	23	16	2	Year 5	By Balance b/d			

EXERCISE XIX—No 7

See *Advanced Accounts* pages 905-907 (inclusive) under **FIRST METHOD**

EXERCISE XIX—No 8

JOURNAL OF JAS FINCHAM

		£	s	d	£	s	d
Year 1	Royalties 30 000 tons @ 4d per ton	500	-	-			
	Redeemable Dead Rent To Landlord	500	-	-	1 000	-	-
Year 2	Royalties 40 000 tons @ 4d per ton	666	13	4			
	Redeemable Dead Rent To Landlord	333	6	8	1,000	-	-
Year 3	Royalties 70 000 tons @ 4d per ton	1,166	13	4			
	To Landlord				1 000	-	-
	„ Redeemable Dead Rent				166	13	4
		£3,166	13	4	£3 166	13	4

EXERCISE XIX—No 8 (contd)

JAS FINCHAM'S LEDGER

<i>Dr</i>		LANDLORD					<i>Cr</i>		
		£	s	d			£	s	d
Year 1	To Cash	1 000			Year 1	By Royalties	500		
						RD Rent	500		
		£1 000					£1 000		
Year 2	To Cash	1 000			Year 2	By Royalties	666	13	4
						RD Rent	333	6	8
		£1 000					£1 000		
Year 3	To Cash	1 000			Year 3	By Royalties	1 000		

<i>Dr</i>		ROYALTIES ACCOUNT				<i>Cr</i>			
		£	s	d			£	s	d
Year 1	To Landlord	500			Year 1	By Trading A/c	500		
Year 2	To Landlord	666	13	4	Year 2	By Trading A/c	666	13	4
Year 3	To Landlord	1 000			Year 3	By Trading A/c	1 166	13	4
	RD Rent	166	13	4					
		£1 166	13	4			£1 166	13	4

<i>Dr</i>		REDEEMABLE DEAD RENT					<i>Cr</i>		
		£	s	d			£	s	d
Year 1	To Landlord	500			Year 3	By Royalties	166	13	4
2	Landlord	333	6	8	3	Balance c/d	666	13	4
		£833	6	8			£833	6	8
Year 3	To Balance b/d	666	13	4					

EXERCISE XIX—No 9

JOURNAL OF COLLIERY CO

		£	s	d	£	s	d
Year 1	Royalties	100					
	4 000 tons @ 6d per ton						
	Redeemable Dead Rent	400			500		
	To Landlord						
Year 2	Royalties	400					
	16 000 tons @ 6d per ton						
	Redeemable Dead Rent	100			500		
	To Landlord						
Year 3	Royalties	700					
	28 000 tons @ 6d per ton				500		
	To Landlord				200		
	Redeemable Dead Rent						
		£1 700			£1 700		

EXERCISE XIX—No. 9 (contd.)

Dr		ROYALTIES ACCOUNT				Cr			
Year 1	To Landlord . .	£ 100	-	-	Year 1	By Trading A/c . .	£ 100	-	-
Year 2	To Landlord . .	400	-	-	Year 2	By Trading A/c . .	400	-	-
Year 3	To Landlord . .	500	-	-	Year 3	By Trading A/c . .	700	-	-
	" RD Rent . .	200	-	-					
		£700	-	-			£700	-	-

Dr		LANDLORD				Cr			
		£	s	d		£	s	d	
Year 1	To Cash	500	-	-	Year 1	By Royalties	100	-	-
						" R.D. Rent	400	-	-
		£500	-	-			£500	-	-
Year 2	To Cash	500	-	-	Year 2	By Royalties	400	-	-
						" R.D. Rent	100	-	-
		£500	-	-			£500	-	-
Year 3	To Balance c/d	500	-	-	Year 3	By Royalties	500	-	-
					Year 3	By Balance b/d	500	-	-

Dr		REDEEMABLE DEAD RENT				Cr		
		£	s	d		£	s	d
Year 1	To Landlord	400	-	-	Year 1	By Balance c/d	400	-
Year 2	To Balance b/d	400	-	-	Year 2	By Balance c/d	500	-
	Landlord	100	-	-			£500	-
		£500	-	-				
Year 3	To Balance b/d	500	-	-	Year 3	By Royalties	200	-
						Profit and Loss	300	-
		£500	-	-			£500	-

EXERCISE XIX—No. 10

Dr		ROYALTIES ACCOUNT				Cr			
		£	s	d		£	s	d	
Year 1	To Lord of the Manor	1,000	-	-	Year 1	By Trading A/c	1,000	-	-
Year 2	To Lord of the Manor	1,100	-	-	Year 2	By Trading A/c	1,100	-	-
Year 3	To Lord of the Manor	1,200	-	-	Year 3	By Trading A/c	1,300	-	-
	— Overpaid Royalties	100	-	-			£1,300	-	-
		£1,300	-	-					
Year 4	To Lord of the Manor	1,200	-	-	Year 4	By Trading A/c	1,250	-	-
	— Overpaid Royalties	50	-	-			£1,250	-	-
		£1,250	-	-					

EXERCISE XIX—No 10 (contd)

<i>Dr</i>		LORD OF THE MANOR			<i>Cr</i>				
		£	s	d		£ s d			
Year 1	To Cash	1 000	-	-	Year 1	By Royalties	1 000	-	-
						Overpaid Royalties	200	-	-
		£1 200					£1 200		
Year 2	To Cash	1 200			Year 2	By Royalties	1 100		
						Overpaid Royalties	100		
		£1 200					£1 200		
Year 3	To Cash	£1 200			Year 3	By Royalties	£1 200		
Year 4	To Cash	£1 200			Year 4	By Royalties	£1 200		

<i>Dr</i>		OVERPAID ROYALTIES			<i>Cr</i>				
		£	s	d		£ s d			
Year 1	To Lord of the Manor	£ 200	-	-	Year 1	By Balance c/d	£ 200	-	-
Year 2	To Balance b/d Lord of the Manor	200	-	-	Year 2	By Balance c/d	300	-	-
		100	-	-			£300	-	-
		£300							
Year 3	To Balance b/d	300	-	-	Year 3	By Royalties	100	-	-
						Balance c/d	200	-	-
		£300					£300	-	-
Year 4	To Balance b/d	200	-	-	Year 4	By Royalties	50	-	-
						Balance c/d	150	-	-
		£200					£200	-	-
Year 5	To Balance b/d	150	-	-					

The balance of Overpaid Royalties would appear as an Asset in the Balance Sheet

EXERCISE XIX—No 11

JOURNAL OF COAL MINE CO LTD

		£	s	d	£	s	d
Year 1							
Mar 25	Ground Rent	25	-	-			
	Royalties	40	-	-			
	To G Risch				65	-	-
Sept 29	Ground Rent	25	-	-			
	Royalties	22	10	-			
	Redeemable Dead Rent	17	10	-			
	To G Risch				65	-	-
		£130			£130	-	-

EXERCISE XIX—No. II (contd.)

JOURNAL OF COAL MINE CO., LTD.—(cont'd)

JOURNAL OF COAL MINE CO., LTD. (Contd.)									
		£	s	d	£	s	d		
Year 2		25	-	-					
Mar 25	Ground Rent	40	-	-					
	Royalties				65	-	-		
	To G Risch								
Sept 29	Ground Rent	25	-	-					
	Royalties	42	10	-	67	10	-		
	To G Risch								
" 29	Royalties	17	10	-	17	10	-		
	To Redeemable Dead Rent								
		£150	-	-	£150	-	-		

LEDGER OF THE COAL MINE CO., LTD

LEDGER OF THE COAL MINE CO., LTD.										
Dr			G Risch				Cr			
Year 1			£	s	d	Year 1		£	s	d
Apr 15	To Cash		63			Mar 25	By Ground Rent	25		
Oct 20	" Cash		63			" 25	" Royalties	40		
						Sept 29	" Ground Rent	25		
						" 29	" Royalties	22	10	
						" 29	" R.D. Rent	17	10	
			£130					£130		
Year 2						Year 2				
Apr 15	To Cash		65			Mar 25	By Ground Rent	25		
Oct 20	" Cash		67	10		" 25	" Royalties	40		
						Sept 29	" Ground Rent	25		
						" 29	" Royalties	42	10	
			£132	10				£132	10	

Dr		ROYALTIES ACCOUNT					Cr		
Year 1		£	s	d	Year 1		£	s	d
Apr 23	To G Risch .	40	-	-	Sept 29	By Trading A/c .	62	10	-
Sept 29	" G Risch .	22	10	-			62	10	-
		£62	10	-					
Year 2					Year 2				
Mar 25	To G Risch .	40	-	-	Sept 29	By Trading A/c .	100	-	-
Sept 29	" G Risch .	42	10	-					
" 29	" R D Rent	17	10	-			£100	-	-
		£100	-	-					

Dr		GROUND RENT					Cr		
Year 1		£	s	d	Year 1		£	s	d
Mar 25	To G Risch . . .	25	-	-	Sept 29	By Profit and Loss A/c	50	-	-
Sept 29	.. G Risch . . .	25	-	-			£50	-	-
		£50	-	-					
Year 2		£	s	d	Year 2		£	s	d
Mar 25	To G Risch . . .	25	-	-	Sept 29	By Profit and Loss A/c	50	-	-
Sept 29	.. G Risch . . .	25	-	-			£50	-	-
		£50	-	-					

EXERCISE XIX—No 11 (contd)

Dr		REDEEMABLE DEAD RENT						Cr					
Year 1 Sept 29	To G. Rasch	£	17	s	10	d.	Year 1 Sept 29	By Balance c/d	£	17	s	10	d.
Year 2 Sept 29	To Balance b/d		17		10		Year 2 Sept 29	By Royalties		17		10	

Dr		CASH ACCOUNT				Cr	
				Year 1 Apr 1 to Sept 29	By G Rasch G Rasch	£ 60 60	s d
						£120	
				Year 2 Apr 1 to Sept 29	By G Rasch G Rasch	60 67	 10
						£127	10

EXERCISE XIX—No 12

(a) A *Reconciliation Statement* is prepared by a cashier in order to explain the difference between the BANK PASS BOOK balance and his own BANK balance in the firm's Cash Book.

(b) A *Lease Redemption Account* is represented by the TOTAL amounts of equal annual instalments charged against profits to write off the existing Lease at its expiry. Compound interest on yearly balances is added.

(c) *Deferred Shares* are the class of shares which are considered for dividends after all other classes of shares have participated. Such shares are usually taken up by promoters of the company, sometimes by the vendors.

(d) A *Relate Account* is an account raised by bankers in connection with DISCOUNT on discounted bills not matured.

EXERCISE XIX—No 13

Work in Progress should be valued at the precise amount represented by—

- (a) Materials used
- (b) Wages paid
- (c) Estimated loss on Plant used
- (d) A proportion of profit on the basis of estimated cost against the contract price

For example—

Contract Price	£
Estimated Cost (for Contract completed)	20 000
	15 000
PROFIT	£5 000

Hence if half of the expenditure on contract has been incurred then credit for £2 500 may be taken. It would be wiser to be very conservative on this matter and take credit say for £2 000 only.

Work in Progress would appear as an asset in the Balance Sheet.

EXERCISE XIX—No 14.

A *Cost Account* is an account explanatory of the TOTAL expenditure on materials, labour, and organization incurred in arriving at a given result, such as building a house (contracts), making iron bars or steel plates (manufacturing), output of coal (mining), etc. The account is prepared from various sources of information, and requires great skill on the part of a qualified person to deduce from the expenditure of a business (apart from direct expenditure) the due elements of expenditure of administration, etc., that can be fairly charged in the cost account. The specimens of Cost Sheets in Chapter XIX of *Advanced Accounts* are suitable examples of such accounts.

Note—The student must NOT exceed the requirements of the question, the examples given are suggested to assist examinees, and are more comprehensive than is asked of the candidate.

EXERCISE XIX—No 15

It is incorrect for the book keeper to the Whirlwind Automobile Co., Ltd., to charge as SALES to customers the 10 cars that were sent to prospective buyers. The matter must be adjusted by the following Journal entries—

Sales Account	Dr	£5,750	
To Sale or Return Account	Cr		£5,750
Suspense Account	Dr	£5,750	
To Sundry Debtors	Cr		£5,750

The item 'Sale or Return Account' would be shown on the CREDIT side of the Trading Account (being equivalent to Stock in hand at close).

The item 'Suspense Account' would appear as an asset in the Balance Sheet.

EXERCISE XIX—No. 16

The Profit and Loss Account is **NOT** properly drawn up The correct form is as below —

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19		£	s	d	£	s	d
To Stock 1st Jan		17	400				
Interest		42	600				
Manufacturing Wages		3	280				
Balance Gross Profit c/d		14	498				
		£	77	778			
To Trade Expenses		1	200				
Salaries		£20					
Discounts		42					
Directors Fees		1	000				
Loss on Sale of Investments		900					
Depreciation		1	401				
Balance NEP Profit c/d		12	156				
		£	17	898			
By Sales					59	940	
Less Returns Inwards					362		
Stock 31st Dec							
					£	77	778
By Trading Account					14	498	
Interest on Investments					3	400	
					£	17	898

<i>Dr</i>	APPROPRIATION ACCOUNT		<i>Cr</i>
To Dividends Paid	£ 3842		£ 4321
D v d end (\$% for year)	6200		12156
Reserve Account	4000		
Balance to Balance Sheet	2435		
	£ 16477		£ 16477
		By Balance 1st Jan	
		Current Year + Profit	

Notes — (1) Errors in Books is an account that should never be raised. Errors ought always to be rectified.
(2) Unclosed Dividends would appear as a liability in the Balance Sheet.

EXERCISE XIX—No 17.

JOURNAL

		£	s	d	£	s	d
(1)	Appropriation Account To Reserve Fund Transfer of amount to raise a Reserve Fund	5,000	-	-	5,000	-	-
(2)	Cost of Issue of Debentures W/o To Cost of Issue of Debentures For $\frac{1}{2}$ of £750 W/o for proportion of period covered by debentures	93	15	-	93	15	-
(3)	Appropriation Account To Marine Insurance Fund Transfer of £3,500 to Marine Insurance Fund	3,500	-	-	3,500	-	-
(4)	Debenture Discount Account Debenture holders To Debentures For issue of £10,000 Debentures @ 95% repayable at par 10 years hence	500 9,500	-	-	10,000	-	-
(5)	Debenture Discount W/o To Debenture Discount For $\frac{1}{10}$ of £500 W/o equal to period expired of life of debentures	50	-	-	50	-	-
		18,643	15	-	18,643	15	-

CASH BOOK
(DEBIT SIDE)

		Bank	£	s	d
19 .	To Debenture holders		9,500	-	-

Gr.

[illegible]

EXERCISE XIX—No 20.

**MANUFACTURING AND PROFIT AND LOSS ACCOUNTS OF
THE STREAMLINE ENGINEERING CO., LTD., FOR THE
YEAR ENDED 31st DECEMBER, 1937**

	£	s	d		£	s	d
To Stock 1st January 1937	8 297	-	-	By Sales	123 559	-	-
Purchases	30 876	-	-	" Stock, 31st December 1937	9 502	-	-
Royalties	3 190	-	-				
" Wages and National Insurance	49 714	-	-				
" Power and Light	2 799	-	-				
" Repairs to Machinery	1 432	-	-				
" Salaries	4 475	-	-				
" Rent and Rates	3 729	-	-				
" Depreciation of Machinery	1 043	-	-				
" Depreciation of Loose Tools	154	-	-				
Gross Profit carried to section II	1 073	-	-				
	<u>£133 061</u>				<u>£133 061</u>		
To Carriage Outwards	1 649	-	-	By Gross Profit brought from Section I	24 073	-	-
Salaries	4 250	-	-	Apprentices Premiums	163	-	-
Advertising	1 917	-	-				
Selling Expenses	4 169	-	-				
Bad Debts	251	-	-				
Rent and Rates	627	-	-				
Discounts	2 623	-	-				
Printing and Stationery	493	-	-				
Office Expenses	974	-	-				
Net Trading Profit carried to section III	8 324	-	-				
	<u>£24 336</u>				<u>£24 336</u>		
To Balance of loss brought forward from last year	1 167	-	-	By Net Trading Profit brought from Section II	8 324	-	-
Interim Dividend	1 750	-	-	Dividends Received	276	-	-
Balance carried forward	3 163	-	-				
	<u>£8 600</u>				<u>£8 600</u>		

EXERCISE XIX--No 20 (contd)

BALANCE SHEET OF THE STREAMLINE ENGINEERING CO LTD AS AT 31ST DECEMBER 1937

CAPITAL AND LIABILITIES				ASSETS				
Authorized Capital— 100 000 Shares of £1 each				Machinery at cost less depreciation Add Additions at cost				
£	s	d	£	s	d	£	s	d
			100 000	—	—	24 080	—	—
						2 860	—	—
Issued Capital— 70 000 Shares of £1 each fully paid				Less Depreciation on Loose Tools at cost less depreciation				
			70 000	—	—	1 983	—	—
			15 000	—	—			
						1 845	—	—
7 153						154	—	—
247								
Reserve Sundry Creditors Wages owing				Furniture and Fittings at cost less depreciation Stocks— Goods Stationery				
			7403	—	—	9 502	—	—
			289	—	—	36	—	—
			5 664	—	—			
Apprentices Premiums				Sundry Debtors				
Profit and Loss Account balance				Due from Supplier				
						47 293	—	—
						120	—	—
				Cash at Bank				
				Investments at cost				
			£98 357	—	—			
								£88 357

EXERCISE XIX--No. 21.

TRADING AND PROFIT AND LOSS ACCOUNTS OF A MANUFACTURER FOR THE YEARS ENDED 30TH SEPTEMBER 1934 AND 1935

	1934		1935		By Sales Less Returns	1934		1935		
	%	£	%	£		%	£	%	£	
To Stocks at beginning of years (presum- ably materials)		2 189		2 876					25 903	
" Purchases of Materials		5 823		6 494			20 472		1,973	
				8 012			472		24 000	
				2,820			20 000			
Less Stocks at end of years										
" Materials consumed	25.68	5 133	31.20	7 488						
" Wages—										
Productive	25.52	5 084	28.20	6 766						
Non productive	3.10	649	4.10	994						
" Materials expenses	15.88	3 178	14.40	3,456						
Total Production Cost	63.96	13 995	77.90	18 695						
" Gross profits carried down	36.02	6 004	22.10	5 304						
	100.00	£20 000	100.00	£21,000			£20 000		£24 000	
To Other Expenses										
" Salaries	1.85	370	1.75	420						
" Selling Expenses	7.80	1 560	6.60	1 320						
" Discounts Allowed	8.60	1 720	11.60	2,394			30.32	6 004	22.10	5 304
	2.10	420	2.05	492			31.90	180	9.15	
Total Distribution and Other Cost	20.35	4 070	22.00	5 280	By Gross Profit brought down					
" Net Profits	10.57	2,114	6.25	60	" Discount Received					
	30.82	£6 184	22.25	£5,340			30.92	£6 184	22.25	£5 340

The cost of production in 1935 compared with sales has increased on every item entering into it except works expenses. This may be the result of an effort to secure increased sales by decreasing the selling price or may have been caused by competition compelling the lowering of prices. As the selling expenses percentage has increased the latter is probably the reason. If the former is the actual reason it would appear to be a wrong policy.

EXERCISE XIX—No 22

The Profit and Loss Account and Balance Sheet figures should be converted at a flat rate of exchange. When this has been done a tabular Profit and Loss Account can be prepared containing columns for Britain New York and total and a combined Balance Sheet constructed omitting the Branch Account and Head Office Account appearing in the separate Balance Sheets of the Head Office and the branch respectively.

The accounts may be incorporated in the English books by means of the following Journal entries—

JOURNAL

	£	s	d	£	s	d
Branch Trading Account						
To Branch Account						
Commencing Stock	£					
Purchases	£					
Carriage Inwards	£					
balances transferred						
Branch Account						
To Branch Trading Account						
Sales	£					
Ending Stock	£					
balances transferred						
Branch Trading Account						
To Branch Profit and Loss Account						
gross profit transferred						
Branch Account						
To Branch Profit and Loss Account						
Discounts on Purchases	£					
balance transferred						
Branch Profit and Loss Account						
To Branch Account						
Wages	£					
Rent and Rates	£					
Discounts on Sales	£					
Bad Debts	£					
Sundry Expenses	£					
balances transferred						
Branch Profit and Loss Account						
To Head Office Profit and Loss						
Account						
net profit of branch transferred						

EXERCISE XX—No 23

(a) Write off an appropriate amount for the year, and treat the remainder as an asset

(b) Treat as a reserve in the Balance Sheet on the liabilities side

(c) If thought fit, note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet

(d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet, debiting and crediting the Profit and Loss Account along with the actual discounts *subject of course to taking into account any reserves existing at the beginning of the year*

(e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account, as it is possible the premises have been over-depreciated in the past, and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred

(f) The same method of placing to reserve as in (e) might be adopted

(g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

EXERCISE XIX—No 24

See text book Chapter XVIII.

EXERCISE XIX—No 25

See text book, Chapter XVII.

EXERCISE XIX No 26

TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN JONES AND SMITH FOR THE YEAR ENDED
31ST MARCH 1937

	B ghton	London	Total	B ghton	London	Total
To Stock 1st April 1936	£ 875	£ 730	£ 1,605	£ 19,328	£ 92,084	£ 111,412
By Balance b/d	£ 4,943	£ 18,440	£ 23,383	£ 2,690	£ 101	£ 2,791
Grand Total	£ 13,693	£ 19,170	£ 32,863	£ 22,018	£ 92,185	£ 114,203
To General Salaries and Wages	£ 1,800	£ 695	£ 2,495	£ 8,905	£ 8,440	£ 17,345
Master's Salary	£ 400	£ 2,200	£ 2,600	£ 38	£ 04	£ 242
Trade and Office Expenses	£ 917	£ 3,604	£ 4,521			
Insurance	£ 52	£ 60	£ 112			
Traveling Expenses	£ 26	£ 145	£ 171			
Bad Debts	£ 26	£ 145	£ 171			
Interest on Mortgage	£ 39	£ 92	£ 131			
Interest on Furniture and Fittings	£ 450	£ 1,250	£ 1,700			
Interest on Charge in respect of Capital employed	£ 84	£ 370	£ 454			
Manager's Commission	£ 354	£ 354	£ 708			
Net Trading Profit carried to Balance Sheet	£ 27	£ 27	£ 54			
Grand Total	£ 127	£ 4,969	£ 5,096	£ 4,943	£ 18,644	£ 23,587
To Interest on Capital —						
By Owners		£ 780	£ 780			
By Loan		£ 480	£ 480			
By Share		£ 110	£ 110			
Net Profit		£ 9,380	£ 9,380			
By Loan		£ 1,170	£ 1,170			
By Share		£ 1,170	£ 1,170			
Grand Total		£ 11,720	£ 11,720			

EXERCISE XIX—No 27

Dr		SHARPE CAPITAL ACCOUNT		Cr	
To Shares	£ 50		By Bank	£ 300	
Bank	384		Bank	50	
			Share of Profit	284	
	£634			£634	

Dr		AUSTIN CAPITAL ACCOUNT			Cr		
To Stock	£	s	d	By Bank	£	s	d
Bank	35			Patent Fees	150		
	438			Share of Profit	40		
					284		
	£474				£474		

Dr		BANK			Cr		
To Sharpe Capital	£ 300	s	d	By Costs of Invent on	£	s	d
Austin Capital	150			Sharpe—Capital Account	478		
Sharpe Capital	50			Austin—Capital Account	584		
Invent on	1 000				478		
	1 500						
					£1 500		

<i>Dr</i>						INVENTION ACCOUNT						<i>Cr</i>					
		<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>			<i>£</i>	<i>s</i>	<i>d</i>			<i>£</i>	<i>s</i>	<i>d</i>
To Bank					478			By Bank		1 000							
Aust n					49			Share in Syndicate		1 000							
Loss on Shares					8-0			Aust n Stock		36							
Profit Sharpe																	
Capital Account	284																
Profit—Austin																	
Capital Account	284																
							68										
					(2 09)										(2 09)		

Dr		SHARES IN SYNDICATE		Cr	
To Investment	£ 1 000	s	d	By Sharpe—Shares taken over	£ 50
				Loss on Shares	900
	£1 000				£1 000

EXERCISE XIX—No 29

The firm should record all goods sent out on approval in a Day Book which in addition to the normal ruling of a Sales Day Book, should have two additional money columns. Goods sent out on approval should be entered in the normal rulings as a memorandum. Any goods returned should be recorded in the first of the two additional columns as a memorandum, the second being used when the goods on approval have actually become sales. This last column is the "double entry" column, and the items in it are posted to the debit of customers its total being credited to Sales Account. At any time the total of the "total" column less the combined totals of the last two columns equals the total of goods out on approval at selling price. Whenever final accounts are prepared this balance is brought into the accounts as stock after reducing it to a value on the usual basis for the valuation of stock.

The ruling of the Day Book mentioned is shown in the following illustration—

GOODS ON APPROVAL JOURNAL

Debitors			Returns			Sales		
	Particulars	Details	Total	Date	Amount	Date	Folio	Amount
1	F Dalton & Co— Silver Teapot Silver Tea Service	£ 4 4	£ 4 4	19	£ 4 4	19		£ 4 4
1		£ 10 10		Mar 2	£ 10 10	Mar 2		£ 10 10
			12					
1	F Bray— Coffee Set Diamond Ring	£ 5 10	£ 5 10	21	£ 5 10			
1			15					

EXERCISE XIX No 30

J R GREGSON IN ACCOUNT WITH F R BENSON

		Due	Principal	Days	Products	Interest		Due	Principal	Days	Products	Interest
19 Jan 1	To Balance	Jan 1	£ 250	90	22 500	£ 3 1 4	19 Jan 31	19 Mar 1	700	28	8 400	£ 1 3 4
21 Feb 21	By Goods Payable	Feb 21	186	38	7 668	19 4	16 Feb 16	16 Mar 31	213	19	3 495	1 3 9 7
21 Mar 31	Balance c/d	Mar 31	400	83	13 200	1 26 2	31 Mar 31	31	176		13 201	1 14 7
			72 7 9								4 479	12 4
			£ 309			£ 4 1			£ 909		29 568	£ 4 1
							Apr 1		72 7 9			
									By Balance b/d			

EXERCISE XX—No. 1.

- (1) By substituting the name "Steadfast Assurance Co. Ltd." for the name in example 5 in *Advanced Accounts*, pages 932 to 934, and introducing suitable amounts for items an adequate answer to the question may be constructed
- (2) The form of Accounts as prescribed by the Life Assurance Companies Act varies from that usually employed by companies registered under the Companies Act, 1929, in the following particulars—

- (a) The Revenue Account displays items in the reverse order to that usually followed, i.e. Income is debited and Expenditure credited
- (b) The various Funds "at the beginning and at the end of the year are the first (on the debit side) and last (on the credit side) items in the Revenue Account, following the Cash Book order of opening and closing balances.
- (c) The "Funds" appear as Liabilities.
- (d) Profit or Loss is not stated.

EXERCISE XX—No. 2

REVENUE ACCOUNT OF THE HOLDFAST ASSURANCE CO

FOR THE YEAR ENDED 31ST DECEMBER, 19 , IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	d		£	d.
Amount of Life Assurance Fund, 1st Jan	1,557,060	-	Claims Account.	70,050	-
Premiums Account	142,000	-	Surrenders Account	11,201	-
Interest and Dividends Account	51,000	-	Annuities Account	1,260	-
Transfer Fees Account	105	-	Commission Account	6,032	-
			Management Expenses Account	18,670	-
			Shareholders' Dividends Account	2,500	-
			Amount of Life Assurance Fund, 31st Dec	1,640,452	-
	£1,780,165	-		£1,750,165	-

THE HOLFFAST ASSURANCE CO
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES			ASSETS		
Life Assurance Fund	£	s	d		
Claims Admitted but not paid	1 640 452			Mortgages in the United Kingdom	1 201 450
Sundry Creditors	7 200			Loans on Policies	50 060
	3 980			Investments—	
				Government Stocks	204 000
				British Railways	138 200
				House Property	7 500
				Agents' Balances	12 200
				Outstanding Premiums	9 200
				Outstanding Interest	12 040
				Cash at Bank	16 962
	£1 651 632				£1 651 632

Assurance Co. with a large business and many agencies as under—
EIGHTS

INVESTMENTS						Con d n o Annua l		CAPITAL				To a		Bal.	
Tax Ded u ed		ntere on Loan		Tax Ded u ed				Lo ns R p d		In m n So d					
£	d	£	d	£	d	£	d	£	d	£	d	£	d	£	d

MENTS

Tax Ded u ed on Annua l		In men		Ad a on Po y h d rs		M n ge me Expense		P y C h Ad a nce		Sund y E p nse		To al.		Bank.	
£	d	£	d	£	d	£	d	£	d	£	d	£	d	£	d

th row th will be raised

EXERCISE XX—No. 5

REVENUE ACCOUNT OF THE THAMESMOUTH LIFE ASSURANCE CO. LTD
FOR THE YEAR ENDED 31ST DECEMBER 19 IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s	d	£	s	d	£	s	d
Amount of Life Assurance Fund 1st Jan				1 650 540	-	-	744 000	-	-
Premiums Account				1 200 850	-	-	284 817	-	-
Consideration for Annuities Granted	87 421			93 000	-	-		-	-
Interest Dividends and Rents	3 418				-	-		-	-
Less Income Tax				84 003	-	-		-	-
Transfer fees				225	-	-		-	-
Fines for Revival of Policies				620	-	-		-	-
					-	-		-	-
				£3 029 238	-	-		-	-

BALANCE SHEET AS AT 31st DECEMBER 19

LIABILITIES	£	s	d	Assets	£	s	d	£	s	d
Life Assurance Fund	4 235 000			Mortgages on Property within the U K				400 000		
Claims Admitted (not paid)	10 000			Mortgages on Property outside of the U K				50 000		
Sundry Creditors	15 000			Loans on Society's Policies within their surrender value				600 000		
				<i>Investments—</i>						
				Municipal Securities (United Kingdom)	500 000					
				Indian and Colonial Government Securities	1 000 000					
				Freehold Ground Rents	800 000					
				Reversions	500 000			2 800 000		
				Life Interests (Loans)				100 000		
				Reversions (Loans)				200 000		
				Outstanding Premiums				50 000		
				Outstanding Interest				10 000		
				Cash in hand				50 000		
	£4 260 000							£4 260 000		

Note—£10 000 Indian and Colonial Government Securities have been deposited with the Government of South Africa in respect of Life Assurance business

EXERCISE XX--No 12

Dr

H STEVENS

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To Balance due	1 000	-	-	Jan 1	By Policy A/c	1,000	-	-

Dr

POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To H Stevens	1 000	-	-	Dec 31	By Balance c/d	1,000	-	-
Dec 31	Bank	90	-	-					
1933					1933				
Jan 1	Balance b/d	1 090	-	-	Dec 31	Balance c/d	1,180	-	-
Dec 31	Bank	90	-	-					
1934					1934				
Jan 1	Balance b/d	1 180	-	-	Dec 31	Balance c/d	1,270	-	-
Dec 31	Bank	90	-	-					
1935					1935				
Jan 1	Balance b/d	1,270	-	-	Dec 31	Balance c/d	1,360	-	-
Dec 31	Bank	90	-	-					
1936					1936				
Jan 1	Balance b/d	1 360	-	-	Jan 4	Bank	1,800	-	-
Dec 31	Profit and Loss A/c	440	-	-					

Dr

RESERVE ON POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Dec 31	To Balance c/d	432	-	-	Jan 1	By Profit and Loss A/c	393	-	-
1933					Dec 31				
Dec 31	Balance c/d	460	-	-	1933				
1934					Jan 1	Balance b/d	432	-	-
Dec 31	Balance c/d	470	-	-	Dec 31	Profit and Loss A/c	28	-	-
1935					1934				
Dec 31	Profit and Loss A/c	8	-	-	Jan 1	Balance b/d	460	-	-
1936					Dec 31	Profit and Loss A/c	10	-	-
Dec 31	Profit and Loss A/c	462	-	-	1935				
					Jan 1	Balance b/d	470	-	-
					1936				
					Jan 1	Balance b/d	462	-	-

EXERCISE XX—No 14 (contd)

Dr		ENDOWMENT ASSURANCE POLICY				Cr			
1934		£	s	d	1934		£	s	d
Jan 1	To Smith	400	-	-	June 30	By Reserve on Policy A/c	20	-	-
Apr 1	" Cash Premium on Policy	50	-	-		" Balance c/d	480	-	-
		£450	-	-			£480	-	-
June 30 1935	To Balance b/d	480	-	-	1935				
Apr 1	" Cash Premium on Policy	50	-	-	June 30	By Reserve on Policy A/c	10	-	-
		£480	-	-		" Balance c/d	470	-	-
June 30 1936	To Balance b/d	470	-	-			£480	-	-
Apr 1	" Cash Premium on Policy	50	-	-	1936				
		£520	-	-	June 30	By Reserve on Policy A/c	5	-	-
June 30 1936	To Balance b/d	515	-	-		" Balance c/d	515	-	-
Oct 31	" Reserve on Policy A/c	35	-	-			£520	-	-
	" Profit on Policy transferred to Cap A/c	650	-	-					
		£1 200	-	-	Oct 31	By Cash	1 200	-	-
							£1,200	-	-

Dr		CASH BOOK				Cr			
1934		£	s	d	1934		£	s	d
Oct 31	To Endowment Assurance Policy	1 200			Apr 1	By Premium on Policy	50		
					1935				
					Apr 1	Premium on Policy	50		
					1936				
					Apr 1	Premium on Policy	50		

Dr		RESERVE ON POLICY ACCOUNT				Cr			
1934		£	s	d	1936		£	s	d
June 30	To Endowment Assurance Policy	20	-	-	Oct 31	By Endowment Assurance Policy	35	-	-
1935									
June 30	To Endowment Assurance Policy	10	-	-					
1936									
June 30	To Endowment Assurance Policy	5	-	-					
		£35	-	-			£35	-	-

EXERCISE XX—No 15

BALANCE SHEET OF COMPANY A AS AT 31st DECEMBER 19

CAPITAL AND LIABILITIES			ASSETS		
	£	s d		£	s d
Authorized Capital— 200 000 Shares of £1 each	200 000		Premises at cost less depreciation	37 000	
Issued Capital— 140 000 Shares of £1 each fully paid	140 000		Plant and Machinery at cost less depreciation	30 000	
Reserve	4 000		Stock	24 000	
Forfeited Shares	1 000		Sundry Debtors	80 000	
Sundry Creditors	31 000		Bankers of A Company	13 000	
Bills Payable	5 000		Goodwill at cost less amounts written off	39 000	
Bankers of B Company	3 000				
Profit and Loss Account	18 000				
	222 000			222 000	

EXERCISE XX—No 16

Dr

LANDLORD'S ACCOUNT

Cr

		£	s d			£	s d
1930	To Bank	300		1930	By Royalties 2 800 tons at 15s a ton	140	
					Short Workings	160	
1931	To Bank	300		1931	By Royalties 5 500 tons at 15s a ton	275	
					Short Workings	25	
1932	To Short Workings Bank	75		1932	By Royalties 7 500 tons at 15s a ton	375	
		300					
1933	To Short Workings Bank	110		1933	By Royalties 8 500 tons at 15s a ton	425	
		315					
1934	To Bank	45		1934	By Royalties 9 500 tons at 15s a ton	475	

Dr

ROYALTIES ACCOUNT

Cr

		£	s d			£	s d
1930	To Landlord	140		1930	By Trading A/c	140	
1931		275		1931		275	
1932	"	375		1932	"	375	
1933	"	425		1933	"	425	
1934	"	475		1934	"	475	

Dr

SHORT WORKINGS ACCOUNT

Cr

		£	s d			£	s d
1930	To Landlord	160		1932	By Landlord	75	
1931		25		1933	"	110	
		165				115	

EXERCISE XX—No. 17.

Messrs Gorgonzola & Co, of London would buy bills to the amount of £1,842 5s 6d with the object of paying for goods purchased in Capetown. The Capetown creditors of Messrs Gorgonzola may have had London creditors to whom they had given their acceptance for goods purchased and, by the intermediary of bill brokers, Messrs Gorgonzola & Co have purchased same, and so discharged their indebtedness.

A further purpose served by buying such bills would be the saving of expense and obviation of risks in sending coin.

Such bills take the form of the ordinary foreign bill, of which a specimen is as below—

No 32/F. £1,842 5 6 <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> STAMP 19/- </div>	<div style="text-align: right;">LONDON 28th March, 19..</div> <p style="text-align: center;">At thirty days' sight, pay this FIRST of Exchange (SECOND AND THIRD of same date and tenor unpaid) to the order of M. Marsden the sum of One thousand eight hundred and forty-two pounds, five shillings and sixpence, for value received</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> To T WEISAN, Capetown M MARSDEN </div>
---	--

The above bill would be endorsed by M. Marsden when sold to bill broker, and endorsed by the bill broker when purchased by Messrs Gorgonzola & Co.

EXERCISE XX—No. 18

B & CO'S LEDGER

Dr					JOINT ADVENTURE WITH A & Co, LAGOS					Cr				
19	To Goods	£	s	d.	19	By Sale of Native Pro duce	£	s	d.					
	• A & Co's Expenses	20 500	—	—			26 400	—	—					
	• Cash £150	1 831	5	6										
	• Charges 293													
		443	—	—										
	• Balance (Profit)	3 625	14	6										
		£ 26 400	—	—			£ 26 400	—	—					

Note It appears that the cost of Produce was £22 000, but paid for by £20,500 inference being that the difference of £1,500 is to be regarded as trade discount.

EXERCISE XX—No 19

- (a) GOODWILL would appear as an asset in the Balance Sheet

Being an intangible asset care must be taken to show GOODWILL at a figure agreeable to the present worth of the connection taken over or according to the present worth of that upon which GOODWILL was based

- (b) REPAIRS RESERVE would appear as a liability in the Balance Sheet

The object of a Repairs Reserve is to charge an equal amount against profits each year sufficient to meet recurring expenditure on Repairs Should the surplus on Reserve be very high future provision on that head must be adjusted accordingly

- (c) DEBENTURE ISSUE EXPENSES would appear as an asset in the Balance Sheet

Being an expense on the issue of debentures it would be advisable to write off such expenditure over a period of years equal to the life of the debentures—or if debentures are irredeemable in say five years

- (d) PRELIMINARY EXPENSES would appear as an asset in the Balance Sheet

Being expenditure on the flotation of a company such item must be written off over a number of years say between three to five years

- (e) UNCLAIMED DIVIDENDS would appear as a liability in the Balance Sheet

- (f) EXPENDITURE ON LEASEHOLD WORKS would be transferred to Profit and Loss Account

It is assumed that such expense has been incurred to maintain Lease in repair according to terms of Lease

Should however the expense have been incurred for the *improvement* of Lease the item may be capitalized

- (g) FORFEITED SHARES ACCOUNT would appear as a liability in the Balance Sheet

The amount on this account may be absorbed when shares are re issued Further the amount may be transferred to a special Reserve Account

EXERCISE XX—No 20 (a)

N C O S JOURNAL

			£	s	d	£	s	d
19 Jan	5	Guarantee Commission To H Commission charged by H as guarantor of bill	£ 50	-	-	50	-	-
"	5	Discount Account To D B Charge made for discounting bill	7s	-	-	7s	-	-
July	8	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1 000	-	-	1 000	-	-

EXERCISE XX—No. 20 (a) (contd.)

N CO.'S JOURNAL—(contd.).

		£	s	d	£	s	d
19..							
July 8	Guarantee Commission To H. Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 8	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
Oct 11	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1,000	-	-	1,000	-	-
" 11	Guarantee Commission To H Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 11	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
19							
Jan 14	D B To R Adjustment to close accounts of R & D B	2,000	-	-	2,000	-	-
		£4,275	-	-	£4,275	-	-

BILLS RECEIVABLE BOOK

No of Bill	Date	Name of Acceptor	Tenor	Due Date	Fol.	Amount	Remarks
1	19 Jan 5	R	6 mos.	19 July 8		£ 1,000	} Discounted with D B
2	July 8	R	3	Oct 11		1,000	
3	Oct 11	R	3	Jan 14		1,000	

Dr.

CASH BOOK

Cr

		£	s	d		£	s	d
19					19			
Jan 5	To D B	275	-	-	Jan 5	By H	50	-
July 8	" D B	50	-	-	July 8	" H	25	-
Oct 11	" D B	50	-	-	Oct 11	" H	25	-
					19			
					Jan 14	" R	3 000	-

EXERCISE XX—No 20 (a) (contd)

Dr			R			Cr			
19		£	s	d	19		£	s	d
July 8	To D B	1 000			Jan 3	By B lls Rece vable	1 000		
Oct 11	D B	1 000			July 8	B lls Rece vable	1 000		
19					Oct 11	B lls Rece vable	1 000		
Jan 14	" Cash	3 000			19				
					Jan 14	D B	2 000		
		£3 000					£5 000		

Dr			D B			Cr			
19		£	s	d	19		£	s	d
Jan 3	To Bills Receivable	1 000			Jan 3	By Cash	925		
July 8	Bills Receivable	1 000			Jan 3	Discount	75		
Oct 11	Bills Receivable	1 000			July 8	R	1 000		
19					July 8	Cash	950		
Jan 14	R	2 000			Oct 11	Discount	50		
					Oct 11	R	1 000		
					Oct 11	Cash	950		
					Oct 11	Discount	50		
		£3 000					£5 000		

Dr				H				Cr			
19			£	s	d	19			£	s	d
Jan 3	To Cash		50			Jan 3	By Guarantee Comm'n		50		
July 8	Cash		25			July 8	Guarantee Comm'n		25		
Oct 11	Cash		2			Oct 11	Guarantee Comm'n		25		
			£100						£100		

Dr			BILLS RECEIVABLE ACCOUNT					Cr		
19			£	s	d	19		£	s	d
Jan 3	To R		1 000			Jan 3	By D B	1 000		
July 8	R		1 000			July 8	D B	1 000		
Oct 11	R		1 000			Oct 11	D B	1 000		
			£3 000					£3 000		

Dr			DISCOUNT ACCOUNT			Cr		
19		£	s	d				
Jan 3	To D B	75						
July 8	D B	50						
Oct 11	D B	50						

Dr			GUARANTEE COMMISSION ACCOUNT			Cr		
19		£	s	d				
Jan 3	To H	50						
July 8	H	25						
Oct 11	" H	25						

EXERCISE XX—No 20 (b)

G C's LEDGER

Dr					J P					Cr.					
19					£	s	d	19					£	s	d
Dec	1	To Cash			150	-	-	Dec	1	By Shares			1,000	-	-
19								19							
Jan	14	" Cash			150	-	-	Feb	3	" Cash			330	-	-
Feb	3	" Cash			150	-	-								
"	3	" Shares			900	-	-								
					£1 350	-	-						£1 350	-	-

SHARES ACCOUNT

Dr			SHARES ACCOUNT			Cr		
19 Feb 3	To J P	£ 1 000	s d	19 Dec 1	By J P	£ 900	s d	
				Feb 3	" Loss on Sale of Shares	100	-	
		£1 000				£1 000	-	

CASH BOOK

Dr		CASH BOOK				Cr			
19 Feb 3	To J P . . .	£ 350	s -	d -	19 Dec 1	By J P . . .	£ 150	s -	d -
					19 Jan 4	" J P . . .	150	-	-
					Feb 3	" J P . . .	150	-	-
	TOTAL	£350	-	-		TOTAL	£450	-	-

J P's LEDGER

Dr				G C				Cr			
19			£	s	d	19			£	s	d
Dec 1	1	To Shares	1 000		-	Dec 1	1	By Cash	150		-
19						19					
Feb 3	3	" Cash	350		-	Jan 3	3	" Cash	150		-
						Feb 3	3	" Cash	150		-
						Feb 3	3	" Shares	900		-
			1 350		-				1 350		-

W

Dr		W				Cr	
19 Feb 3	To Shares	£ 1 000	s -	d -			

SHARES ACCOUNT

Dr				SHARES ACCOUNT				Cr				
19				£	s	d	19			£	s	d
Feb 3	To G C			900		-	Dec 1	By G C		1,000		-
" 3	" Gain on Sale of Shares			100		-	19					
" 3	" Balance c/d			1 000		-	Feb 3	" W .		1 000		-
				£2 000		-				£2,000		-

EXERCISE XX—No 20 (b) (contd)

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
Dec 1	To G C	150			Feb 3	By G C	350		
19					3	Balance c/d	100		
Jan 4	G C	150							
Feb 3	G C	150							
		£450					£450		

EXERCISE XX No 20 (c)

THE COMPANY'S JOURNAL

19	Share Capital Account	£	s	d	£	s	d
	To Forfeited Shares Account	500			250		
	Calls (unpaid)				250		
	500 shares Nos to for						
	feited by order of the Board of						
	Directors for non payment of calls						
	D (New Shareholder)	375					
	Forfeited Shares Account	125			500		
	To Share Capital Account						
	For re issue of forfeited shares						
		£1 000			£1 000		

COMPANY'S LEDGER

Dr		SHARE CAPITAL ACCOUNT				Cr			
19	To Forfeited Shares A/c Calls (unpaid) A/c	£	s	d	19	By D Forfeited Shares	£	s	d
		0					375		
		250					125		
		£250					£500		

Dr		FORFEITED SHARES ACCOUNT				Cr			
19	To Share Capital A/c	£	s	d	19	By Share Capital A/c	£	s	d
	Balance c/d	375					500		
		125							
		£500					£500		

Dr				D				Cr			
19	To Share Capital	£	s	d	19	By Cash	£	s	d		
		375					375				

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1921. Cr.

Dr.	£	s	d	£	s	d	By Sales	£	s	d	Cr.
To Stock, 1st Jan.,				3,544	18	8	Stationery used in Office				67
" Purchases				8,040	11	11	" Stationery in hand	98	9	—	
" Wages				4,126	7	8	" Stock, 31st Dec	123	9	—	
" Fuel				40	7	8		3,650	9	6	
" Balance, Gross Profit c/d				3,508	9	2					
				£19,411	9	1		£19,411	9	1	
To Travellers' Commission				279	2	—	By Trading Account				
" Travelling Expence				255	18	—	" Cottage Rents	3,508	9	2	
" Rates, Taxes and Insurance	117	1	2				" Discounts Received	25	19	10	
Less Rates and Insurance prepaid	78	—	—				" Discount Reserve on Creditors (2½% of £1,142/2/10)	314	0	11	
								28	11	1	
Trade Expenses				230	1	2					
" Repairs				280	11	6					
" Horsekeep				52	12	2					
" Stamps and Parcel Post				57	1	5					
" Carriage Outwards				114							
" Discounts Allowed				319	13	11					
" Interest on Mortgage etc				257	16	11					
" Interest on Calls Paid in Advance				155	12	2					
" Bankers Charge				2	6	—					
" Stationery out of Stock				28	6	—					
" Bad Debts				108	9	—					
Add Bad Debts accrued				12	4	—					
				5	—	—					
Bad Debit Reserve (amount provided)				17	4	—					
" Discount Reserve on Debtors				100	—	—					
" Debtors' Reimbursement (31% of £2,469/7/7)				92	12	—					
Depreciation—				206	12	—					
Furniture Factory											
Machinery	50										
Engine, Boiler, and Shafting	109	7	9								
Horse and Van	24	11	4								
Trade Fixtures	10	1	9								
Office Furniture	48		6								
				1	10	—					
" Balance, Net Profit c/d				237	11	4					
				1,082	8	6					
				£2,877	3	1		£2,877	3	1	

EXERCISE XX--No 21 (cont'd)

LEAD & HALL LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

LEAD & HALL LTD

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
Nominal Capital— Not stated— Issued Capital— 30 Ordinary Shares of £7 each issued as fully paid to vendors 1164 Ordinary Shares of £7 (£5/10) per share called up Add Calls in Advance	6 482 48	Freehold Property Less Depreciation	7 300
Reserve Fund Chris. Johnson's Mortgage Less Dividends Reserve	114 28 11 2	Line Boats and Shafts &c Add Additions	38 9 10
Interest Due to Shareholders on Calls Paid in Advance Manager's Remuneration Dividends Due to Ordinary Shareholders Vendors (if not allocated) Profits & Loss Account— Balance available for distribution	1113 14 7 9 14 2 34 2 5 640 4 6 97 875 7 1	Machinery Add Additions	1 000 187 14 3
		Less Depreciation	1 157 14 8
		Trades and Expenses Add Additions	300 40 9 10
		Less Depreciation	38 6
		Horses and Vans Add Additions	30 40 17 6
		Less Depreciation	70 17 6
		Office Furniture Less Depreciation	10 1 9
		Stock Office Stationery Sundry Debtors Less Bad Debts Reserve Discount Reserve	30 1 10 2 589 7 7 £100 - 92 12 -
		Cash at Bank Cash in hand	192 12 - 21 13 52 7 1
		Rates and Insurance prepaid	378 15 7
			74 1 - 78 - 15 292 16 7

APPROPRIATION ACCOUNT

	£	s	d
To Manager's Bonus (3% of £1082/8/8)	54	2	5
Dividend on Ordinary Shares	640	4	6
Vendors Share of Profit (1/3 of £359/2/1)	97	7	1
Balance to Balance Sheet	875		
	£1 666	14	-

EXERCISE XX—No. 22

THE UTOPIA MOTOR WORKS LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 1911.

	£	s	d	£	s	d
To Stock, 1st Feb				14	685	-
• Loose Tools, 1st Feb				8	001	-
• Purchases (including Carriage)				47	833	-
• Manufacturing Wages				53	129	-
• Balance, Gross Profit				1	325	-
				£134	973	-
To Rates Taxes, Gas Water and Insurance						
• Rates	£21	40	-	82	-	-
• Insurance				61	-	-
Salaries and Commission						
• Advertising (£ of £2 100 W/et)				811	-	-
• Office Expenses				1	263	-
• Bad Debts				730	-	-
• Interest on Loan				203	-	-
• Add Amount accrued				1	106	-
				161	-	-
				26	-	-
Directors' Fees				187	-	-
• Depreciation—				2	000	-
• Plant (5% of £36 080)				1	804	-
• Buildings				351	-	-
				2	365	-
				£8	465	-
By Sales						
• Stock, 31st Jan				107	866	-
• Loose Tools, 31st Jan.				19	822	-
				7	085	-
				£134	973	-
By Trading Account						
• Transfer Fees				1	325	-
• Bad Debts Reserve, 1st Feb				807	-	-
• Less New Provision (4% of £8,700)				348	-	-
				459	-	-
• Balance, Net Loss				6	084	-
				£8	465	-

EXERCISE XX—No 23 (cont'd)

THE ENGINE AND MOTOR CO. LTD.

Profit and Loss Account for the year ended 31st March 19

	£	s	d	£	s	d
To Rates Taxes and Insurance						
Less Insurance prepaid						
" Office Salaries	750	08	3			
Add Amount owing						
" Trade Expenses						
General Expenses						
Travelling Expenses						
Repairs and Renewals to Plant						
Utilities and Legal Expenses						
Goodwill W/o						
" Discounts Allowed						
Directors' Fees						
Provisionary Expenses						
Bad Debt Reserve						
Total Old Reserve	1,500	15				
				1,160		
Drawings:-						
Total Dividends (10% of £11,205)	1,120	10				
Dividends (10% of £1,155)	474	5				
Dividends (10% of £1,251)	707					
Office Expenses (10% of £345)	54	0				
Balance Net Profit c/d				1,904	10	4
				1,780	10	4
				£13,260		

PROPOSED APPROPRIATION ACCOUNT

	£	s	d
To Dividend on Current Preference Shares @ 6% of 1st year Balance	1,500	18	4
	1,831	16	4
	£3,371	16	4

THE ENGINE & MOTOR CO., LTD
BALANCE SHEET AS AT 31st MARCH 19..

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
<i>Nominal Capital—</i>		Freehold Property	
75,000 Ordinary Shares of £1 each	75 000	Plant and Machinery	11,595
2,500 6% Cumulative Preference Shares of £10 each	25 000	Less Depreciation	1,159 10
	£100,000	Patterns	3,155
		Less Depreciation	473 5
		Patents	1,535
		Less Depreciation	307
		Office Furniture	545
	50,000	Less Depreciation	54 10
	2,000	Goodwill	490 10
		Loose Tools	3 000
		Stock	2,730
		Sundry Debtors	23,985
		Less Bad Debts Reserve	31,215
		Rent Due from Subletting	1,560 15
	1,545	Cash at Bank	29,654 5
	1,786 16 4	Cash on Deposit	20
		Cash in hand	10,000
		Insurance Unexpired	45
			11,030
			30
			£97,970
			£97,970

EXERCISE XX—No 24

CONTRACT NO 125

Dr

Name WILLIAMS T R

Cr

Date	Details	Vol	Direct Purchases	Fol	Stores	Date	Wages	Loca	Debit	Detail	Fol
1945 Oct 9 10	To Subcontract • Sundries	•	£ 52 7 4	15 24 35	125 4 18 10 5 4	94 Oct 9 15 27	£ 25 74 25 7 10 4	£ s d 85 11 32 7 4 148 18 17 2 2 20 2 6 25 19	194 Oct 31	By Contract	
	To Direct Purchases Stores Expenses at 70 per cent on Wages Expenses at 10 per cent on Materials Profit		52 7 4		148 18		85 11	£ s d 32 7 4 148 18 17 2 2 20 2 6 25 19			£350

EXERCISE XX—No 25.

Dr		STOCK OUT ON HIRE-PURCHASE				Cr			
		£	s	d			£	s	d
194					194				
Jan 1	To Value of Stock out on Hire purchase agreements				Dec 31	By Receipts from Hire purchasers during year			
Dec 31	Cost of Stock sent out on Hire purchase agreements during year					" Value of Stock out on Hire purchase at end of year (being the amount of the instalments not yet paid after deducting the proportion of profit included therein)			
	Transfer to Profit and Loss Account being profit during the year								

The cost of Stock out on hire is obtained from a Hire-Purchase Day Book containing a column showing the cost of each article sold on hire purchase. The receipts from hire purchasers are obtained from an extra column in the Cash Book into which all such receipts are extended. The stock figures are arrived at by valuation.

EXERCISE XX—No 26

JOURNAL

		£	s	d	£	s	d
1934							
Jan 22	Policy Account	270					
	Bad Debts Account	230					
	To A				500		
	Policy taken over in satisfaction of debt at surrender value and writing off of balance						
July 1	Life Premium Account	18					
	To Bank				18		
	Premium paid						
Dec 31	Policy Account	15					
	To Life Premium Account				15		
	Transfer of increase in surrender value						
	Profit and Loss Account	3					
	To Life Premium Account				3		
	Transfer						
1935							
July 1	Life Premium Account	18					
	To Bank				18		
	Premium paid						
Dec 31	Policy Account	16					
	To Life Premium Account				16		
	Transfer of increase in surrender value						
	Profit and Loss Account	2					
	To Life Premium Account				2		
	Transfer						
1936							
Jan 1	Bank	530					
	To Policy Account				530		
	Amount received under policy						
	Policy Account	229					
	To Profit and Loss Account				229		
	Transfer of profit on policy						
		£1 331			£1 331		

EXERCISE XX—No 27.

PRODUCTION ACCOUNT OF A MOTOR MANUFACTURING
COMPANY FOR THE YEAR ENDED 31ST DECEMBER, 19 .

	£	s	d	£	s	d
Materials used	325,682	-	-			
Direct Wages	367,265	-	-			
<i>Prime Cost—</i>				692,947	-	-
Factory overhead expenses Equal 20% on Wages . . .				73,453	-	-
<i>Factory Cost—</i>				766,400	-	-
Establishment and general expenses 6% of Factory Cost				45,984	-	-
Total Cost				£812,384	-	-

CALCULATION OF PRICE AT WHICH A MOTOR CAR SHOULD
BE SOLD TO YIELD A PROFIT OF 25 PER CENT

	£	s	d
Materials cost	104	-	-
Wages	80	-	-
	184	-	-
Add 20% of Wages for Factory overhead expenses . . .	16	-	-
Factory Cost	200	-	-
Add 6% of Factory Cost for establishment and general expenses	12	-	-
	212	-	-
Add 25% for profit	53	-	-
Selling price	£265	-	-

EXERCISE XX—No 28

TRADING AND PROFIT AND LOSS ACCOUNTS OF SIGMA LIMITED FOR THE YEAR ENDED 31ST MARCH 1938

Dr

	£	s	d	£	s	d	£	s	d
To Stock 1st April 1937				33 081			115 316		
By Sales				102 177			37 001		
" Gross Profit earned to Section II				17 079					
				£132 317			£132 317		
To Office and Showroom Salaries				2 870			17 079		
Travellers' Salaries and Commission				3 317			793		
Rent and Rates				1 745					
Bad Debts				631					
Advertising				3 075					
Depreciation				600					
Bank Interest				41					
Legal Charges and Audit Fee				105					
Sundry Trade Expenses				1 752					
Depreciation—									
Vans and Car	1 020								
Lighting	450								
				1 470					
				2 208			£17 812		
" Net Trading Profit carried to Section III				£17 812					
To Legal Charges in connection with Capital Redemption Scheme when off				80			2 208		
Amount written off Goodwill				353			900		
Balance Net Profit for the year				2 673					
				£3 106			£3 106		

By Net Trading Profit brought from Section II
Dividends from Investments

EXERCISE XX—No 28 (contd.).

BALANCE SHEET OF SIGMA LIMITED, AS AT 31ST MARCH 1939

CAPITAL AND LIABILITIES											
Authorized Capital—											
Ordinary Shares of 10s each											
“ “ 5 per cent Preference Shares of											
£1 each											
Issued Capital—											
141,000 Ordinary Shares of 10s each											
fully paid											
90,000 5 per cent Preference Shares of											
£1 each fully paid											
70 500											
31 000											

EXERCISE XX—No 9

BALANCE SHEET OF DAVIS EDWARDS & FREEMAN
AS AT 31ST DECEMBER 1935

Liabilities and Capital	Davis			Edwards			Freeman					
	£	s	d	£	s	d	£	s	d	£	s	d
Current Accounts—												
Balance 1st Jan. 1935	677			180			243					
Add Interest on Capital	400			550			100					
Salary							150					
Share of Profit	975			585			390					
	1652			1315			883					
Less Drawings (including Salary) and Interest on Drawings	1448	11	6	912	18	9	693	9	9			
	£203	8	6	£202	1	9	£189	10	3	£190		
Capital Accounts—												
Davis							6 000					
Edwards							7 000					
Freeman							2 000					
										17 000		

Interest on Drawings has been calculated in months.

EXERCISE XX—No 30.

Dr **REPAIRS AND RENEWALS RESERVE** *Cr.*

1937 Dec. 31	To Repairs and Renewals Balance c/d	£ 50 100 £150	s - - -	d - - -	1937 Dec. 31	By Profit and Loss A/c	£ 150 £150	s - -	d - -
1938 Dec. 31	To Repairs and Renewals " Balance c/d	£ 43 207 £250	s - - -	d - - -	1938 Jan. 1 Dec. 31	By Balance b/d " Profit and Loss A/c	£ 100 150 £250	s - -	d - -
1939 Dec. 31	To Repairs and Renewals " Balance c/d	£ 76 281 £357	s - - -	d - - -	1939 Jan. 1 Dec. 31	By Balance b/d " Profit and Loss A/c	£ 207 150 £357	s - -	d - -
1940 Dec. 31	To Repairs and Renewals Balance c/d	£ 88 343 £431	s - - -	d - - -	1940 Jan. 1 Dec. 31	By Balance b/d Profit and Loss A/c	£ 281 150 £431	s - -	d - -
					1941 Jan. 1	By Balance b/d	£ 343	s - -	d - -

Dr **PROFIT AND LOSS ACCOUNT** *Cr.*

1937 Dec. 31	To Repairs and Renewals Reserve	£ 150	s -	d -					
1938 Dec. 31	Repairs and Renewals Reserve	150	-	-					
1939 Dec. 31	Repairs and Renewals Reserve	150	-	-					
1940 Dec. 31	Repairs and Renewals Reserve	150	-	-					

EXERCISE XXI No 1

STATEMENT OF AFFAIRS OF THE TRUSTEES

Gross Liabilities		Liabilities		Expected to Rank		Assets		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
8 478		Debt to Creditors (A)		8 478		Property (H)—		6	
2 200		Debt to Creditors (B)				Cash at Bank		150	
		Lettable Value of Securities				Stock		800	
		Surplus to Contra				Forces		150	
872		Debt to Creditors (C)				TOTAL		900	
		Estimated Value of Securities							
		Debt to Creditors (deducted as per contra)							
267						Book Debts (I)—		3 872	
						Good		750	
						Debt to			
						Debt to			
						Surplus as per contra (Sch. D)		300	
						TOTAL ASSETS		5 822	
						Deduct for Preferential Creditors as per contra		267	
						NET ASSETS			
						Deficiency (K)		5 555	
								3 245	
								18 800	
11 817				18 800					

EXERCISE XXI—No 2.

STATEMENT OF AFFAIRS OF RICHARD HUMPHREY
ON 31st JANUARY, 19 .

Gross Liabilities.			Liabilities.			Expected to Rank			Assets			Expected to Produce.		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
603	7	9	Unsecured Creditors (A)			603	7	9	Property (B)—					
43	1	6	Preference Creditors—						Cash in hand					
			Creditors for Rent (F)	32	10				Stock in Trade			395	11	9
			Creditors for Rates, Taxes, Wages etc.	12	11	5			Shop Fittings			173	12	6
			payables in full (G)	43	1	6			Household Furniture					
			Deducted as per <i>contra</i>						Total					
									Book Debts (H)—					
									Good					
									Doubtful			10	11	5
									Bad			60	11	3
									Total Assets					
									Deduct for Preferential Creditors as per <i>contra</i>					
									Deficiency (K)			676	2	5
												45	1	6
												631	11	11
												62	6	10
												693	7	9
£738	9	3				£693	7	9						

STATEMENT OF AFFAIRS OF THOMAS JONES

QV

Gross Liabilities	LIABILITIES.			Expected to Bank			ASSETS			Expected to Produce					
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	
3 050			Unsecured Creditors (A)—						Property (H)—						
			On Open Accounts			2 500			Cash in hand			900			
			Liabilities on Bill			400			Stock in Trade			500			
			Bank Overdraft			150			Trade Fixtures			500			
								3 050							
500			Fully secured Creditors (B)			400			Plant and Machinery			500			
			£400 stated Value of Security			600			Total						
			Surplus to reserve			100						1 040			
90			Preferential Creditors—						Book Debts (I)—			500			
			Rent for 1 year (F)			50			Good			250			
			Rates and Taxes (G)			10			Doubtful			250			
			Domestic & Foreign (H) less 3 months (G)			20			Bad						
									Surplus as per contra (Sch. B)			£500			
			Deducted as per contra			£90									
									Total Assets			100			
									Deduct for Preferential Creditors as per contra			1 740			
									Net Assets			90			
									Deficiency (K)			1 650			
												1 400			
£3 610								£3 050						£3 050	

STATEMENT OF AFFAIRS OF WINTER & CO.
ON 29TH SEPTEMBER 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
600	-	Unsecured Creditors (A)	-	600	-	Preference (H)—	-	-	-
250	-	Fully secured Creditors (B)	-	-	-	Cash at Bank	-	40	-
	-	Value of Security (Stock)	-	-	-	Stock in Trade	-	1,200	-
	-	Surplus to contra	-	-	-	Furniture etc	-	250	-
1,000	-	Partly secured Creditors (C)	-	-	-	Land and Buildings	-	-	-
	-	Value of Security (Stock)	-	43	-	Total	-	1,000	-
80	-	Preference Creditors (G)—	-	-	-	Book Debt (H)—	-	-	-
	-	Wages and Taxes deducted as per contra	-	-	-	Good	-	2,880	-
	-		-	-	-	Doubtful	-	500	-
	-		-	-	-	Surplus as per contra (Sch D)	-	100	-
	-		-	-	-	Total Assets	-	440	-
	-		-	-	-	Deduct for Preferential Creditors as per contra	-	3,800	-
	-		-	-	-	Net Assets	-	80	-
	-		-	-	-	Deficiency (I)	-	380	-
	-		-	-	-		-	2 875	-
	-		-	-	-		-	£848	-

EXERCISE XXI No 7 STATEMENT OF AFFAIRS OF SAMUEL HOBSON

ON

C	L	E p d o g k	A z	P d ce
£ 0 3 0	secu d Cred se	£ 0	P p C b B k rs ho d H se	£ 420 2 000
£ 0	S p om a	£ 0	000 O d Sh C T gr p C	000
500	P V se C a	£ 80	B k D Good D u B d	3 0
	C u a b d u d	£ 500	R E h e B p fer	280
		£ 500	D d P a C d A z p M x	000
		£ 500	D h y	500
		£ 960		380
		£ 960		030
				00
				80
				980
				9600

DEFICILNCY ACCOUNT

C p D fici n y ad p c b	om n cen Ad a	E p d o g k	A z	P d ce
£ 0 3 0		£ 0	S m H so D w e R ss p ave	£ 00
£ 0		£ 0	U wcc A	3 0
£ 0		£ 0	E F h d H se	5 0
£ 0		£ 0	D b	800
		£ 60		3 520

EXERCISE XXI—No 8.

STATEMENT OF AFFAIRS OF CHARLES JACKSON

ON

Gross Liabilities	LIABILITIES			Expected to Rank			ASSETS			Expected to Produce,				
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
753	4	11	Unsecured Creditors (A)						Property (H)—					
800	—	—	Fully secured Creditors (B)	800	—	753	4	11	Cash in hand			1	10	—
			Value of Security (Works)	1 000	—				Cash at Bank			140	2	3
			Surplus to contra	£200	—				Cash in hands of Solicitor			10	—	—
200	—	—	Accommodation Bills (D)	200	—	200	—		Stock in Trade	308	4	3		
200	—	—	Contingent or Other Liabilities (E)						Furniture			275	—	—
88	14	6	Preferential Creditors—			100	—		Fittings			175	—	—
			Rent (F)	10	—				Machinery			50	—	—
			Rates	28	18	3			Gold Watch and Chain			200	—	—
			Incomes Tax } (G)	20	—				TOTAL			15	—	—
			Wages	28	16	6			Book Debts (I)—			566	12	3
			Deducted as per contra	£88	14	6			Good			118	10	—
			Surplus (H)						Doubtful			76	4	3
						162	6	8	Bad			296	11	—
									Bills of Exchange (I)			£372	15	3
									Surplus as per contra (Sch. B)					
									TOTAL ASSETS			87	4	—
									Deducted for Preferential Creditors as per contra			200	—	—
£2,039	18	7							NET ASSETS			1,302	6	3
												86	14	8
												£1,215	11	7

EXERCISE XXI—No 9

STATEMENT OF AFFAIRS OF FRID JACKSON

ON 31ST MARCH 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
15 000	-	Unsecured Creditors (A)		15 250	-	Property (11)—			
5 000	-	Fully Secured Creditors (B)		5 200	-	Cash in hand		2 000	10
	-	Value of Securities		9 500	-	Stock in Trade			1 400
	-	Surplus to (C)		4 900	-	Fixed Plant and Machinery		4 000	3 000
3 400	-	Partly Secured Creditors		5 400	-	Household Furniture etc			380
	-	Value of Securities		4 300	-	800 Shares in Cooper & Co Ltd			375
	-	Preferential Creditors—			-	(10/- paid up quoted @ 12/8)			-
25	-	Rent (1) deducted as per contra		25	-	TOTAL		6 650	-
	-				-	Bank Balances (1)—			-
	-				-	Good		500	-
	-				-	Doubtful		750	-
	-				-	Bad		£1 250	250
	-				-				-
	-				-	TOTAL ASSETS		11 395	-
	-				-	Deficit for Preferential Creditors as per contra		25	-
	-				-	NET ASSETS		11 370	-
	-				-	Deficiency (K)		5 020	-
	-				-			16 390	-
£25 915	-			£16 390	-				-

NOTE—The Securities consist of Leasehold Houses as follows £9 000 and the Life Insurance Policy (at surrender value) £500

EXERCISE XXI—No. 9 (contd.)

DEFICIENCY ACCOUNT

	£	s	d
Capital at Commencement	-	-	-
Trading Profit—			
1st year	12 360	-	-
2nd year	5 000	-	-
3rd year	5 020	-	-
Deficiency as per Statement of Affairs	£ 22 380	-	-
Trading L. acc.—			
2nd year	3 000	-	-
3rd year	935	-	-
Fred Jackson's Drawings—			
1st year	4 005	-	-
2nd year	4 000	-	-
3rd year	5 000	-	-
Bd Debts			
Private and Household Debts			
Estimated Losses on Redemptions—			
Leasehold	1 000	-	-
Plant	1 000	-	-
Stock	600	-	-
	2 600	-	-
	£ 22 980	-	-

EXERCISE XXI—No 10 (cont'd)

DEFICIENCY ACCOUNT

	£	s	d	£	s	d	£	s	d
Capital at Commencement									
Trading Profits—									
1st year	7 000			42 000			100		
2nd year	6 000						600		
							1 031		
Deficiency as per Statement of Affairs				13 000					1 731
				3 700					22 500
							108		119
							13 224		
							20 000		
							89		
									33 419
									1 000
									58 769

EXERCISE XXI—No 11

STATEMENT OF AFFAIRS OF THE SANDY FREEHOLD LAND SOCIETY
ON 9TH JULY, 19 .

Cross Liabilities	LIABILITIES			Expected to Bank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	
200 000			Unsecured Creditors (A)			200 000			Property (H)—			
6 000			Fully secured Creditors (B)	6 000					Cash in Office		100	
			Value of Security	12 000					Cash at Bank		900	
			Surplus to contra	6 000					Property		56 000	
									Loans on Mortgage		60 000	
300			Preferential Creditors (G)						Office Furniture etc		100	
			Rates, Taxes and Wages deducted as per contra	300					Total			
									Book Debts (I)—			
									Good		1 000	
									Doubtful			
									Bad			
									Total			
									Bills of Exchange (J)		22	
									Surplus as per contra (Sch B)		8 000	
									Total Assets			
									Deduct for Preferential Creditors as per contra			
									NET ASSETS			
									Deficiency (K)			

EXERCISE XXI—No 12. STATEMENT OF AFFAIRS OF WILLIAM CORBY
ON 10TH OCTOBER 19

Gross Liabilities			LIABILITIES			Expected to Rank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
9 448	-	-	Unsecured Creditors (A)—						Property (H)—					
			Trade Accounts	•	•	4 140	-	-	Cash	•	•	85	-	-
			Cash Advances	•	•	5,308	-	-	Stock in Trade	•	•	1,900	-	-
1,420	-	-	Partly-secured Creditors (B)						Office Furniture	•	•	25	-	-
			Value of Securities (Life Policies)			1,420	-	-	Plant, Tools etc	•	•	500	-	-
			Surplus to <i>contra</i>			30	-	-	Investments	•	•	1 880	-	-
10,134	-	-	Partly-secured Creditors (C)			10 134	-	-	Unfunded Contracts	•	•	740	-	-
			Value of Securities	•	•	7 460	-	-	TOTAL	•	•	3,000	-	-
103	-	-	Preferential Creditors—						Book Debts (I)—					
			Mont (F)	•	•	41	-	-	Good	•	•	8 250	-	-
			Wages (G)	•	•	120	-	-	B-b	•	•	1 880	-	-
			Deducted as <i>per contra</i>			161	-	-	Surplus as <i>per contra</i> (Sch B)	•	•	601	-	-
						125	-	-	TOTAL ASSETS	•	•	40	-	-
									Deduct for Preferential Creditors as <i>per contra</i>	•	•	9 109	-	-
										•	•	125	-	-
29,167	-	-							Deficiency (K)	•	•	9 044	-	-
										•	•	3 118	-	-
										•	•	12,162	-	-

DEFICIENCY ACCOUNT

Capital at commencement 1st Jan 19	£	s	d	£	s	d	£	s	d	£	s	d
Deficiency as per Statement of Affairs	189	-	-	3 118	-	-				374	-	-
										740	-	-
										703	-	-
										200	-	-
										1,380	-	-
										£3 707	-	-

ON 31st DECEMBER 19

DEFICIENCY ACCOUNT403

STATEMENT OF AFFAIRS OF "A"
ON 31ST DECEMBER 19

Gross Liabilities	LIABILITIES			Expected to Bank			Assets			Expected to Produce		
£	s	d	f	s	d	f	s	d	£	s	d	
75,000	-	-	10,000	-	-	75,000	-	-	Property (B)—	-	-	
10,100	-	-	100	-	-	-	-	-	Cash at Bank	-	-	
	-	-		-	-		-	-	Stock (less loan of £100)	300	-	
									Consignments	50,000	-	
									Furniture	-	-	
									Machinery	3,000	-	
									Cottages	1,500	-	
										12,000	-	
										3,000	-	
									Total	61,500	-	
40,000	-	-	40,000	-	-		-	-	Debt Debt (D)—	-	-	
			16,000	-	-		-	-	Good	20,000	-	
7,000	-	-		-	-	24,000	-	-	Doubtful	-	-	
				-	-	3,000	-	-	Bad	-	-	
3,000	-	-	7,000	-	-		-	-		-	-	
				-	-		-	-		2,000	-	
				-	-		-	-		1,400	-	
				-	-		-	-		1,000	-	
									Bills of Exchange (E)	85,000	-	
									Surplus as per contra (Sub D)	3,000	-	
									Total Assets	-	-	
									Debt for Preferential Creditors as per contra	-	-	
									Deficiency (K)	82,000	-	
									Net Assets	19,000	-	
										£102,500	-	
£135,100	-	-				£102,500	-	-			-	

STATEMENT OF AFFAIRS OF JOHN MASON
ON 31ST MARCH 19 .

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce			
£	s	d	£	s	d	£	s	d	£	s	d
3 500	-	-	Unsecured Creditors (A).— Trade Cables	2 500	-	-	Profits (H).— Cash	-	-	25	-
3 349	15	-	Fully secured Creditors (B) (Mortgages on Freehold Land and Buildings) (including 1 Qrs Interest) Value of Security (Freehold Land and Buildings)	1 000	-	-	Stock	-	-	1,000	-
			Surplus to realize	3 543	15	-	Furniture, etc	-	-	180	-
1,000	-	-	Partly secured Creditors (C) Value of Security	3 500	-	-	Plant and Machinery	-	-	600	-
300	-	-	Preferential Creditors (F & G).— Kent Rates Taxes and Wages deducted as per contra	956	5	-	Total	-	-	1,800	-
				1 000	-	-	Good	-	-	1,000	-
				600	-	-	Doubtful	-	-	700	-
				300	-	-	Divd	-	-	500	-
						400	Surplus as per contra (Sch B)	-	-	100	-
							Total Assets	-	-	956	5
							Deduct for Preferential Creditors as per contra	-	-	3 861	5
							Deficiency (K)	-	-	300	-
							Net Assets	-	-	3 561	5
								-	-	738	15
								-	-	£3 900	-

STATEMENT OF AFFAIRS OF HENRY JONES

ON

Gross Liabilities.			LIABILITIES			Expected to Bank			ASSETS.			Expected to Balance		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
565			Unsecured Creditors (A)— Open Accounts Bank Overdraft His Payable	196s 1200 2200	—	536s			Property (B)— Cash Stock in Trade	1800 — —	—	10 1200 —		
612			Fully secured Creditors (D)— Mortgage on House of £500 @ 4% (including interest of £12 due) Value of Security	612 750	—	—			Fixtures and Fittings Household Furniture etc	450 —	—	80 —		
			Surplus to contra	138	—	—			TOTAL	2000 2000	—	250 —		
500			Liability on Bills Discounted (D)	500	—	400			Bank Debts (E)— Good Doubtful Bad	— — — —	—	140 1000 — —		
80			Preferential Creditors— Kates (G) undry	1s 3s	—	—			Surplus as per contra (Sch B)	£4000	—	1000 —		
			Deducted as per contra	£50	—	—			TOTAL ASSETS	—	—	138 —		
									Deduct for Preferential Creditors as per contra	—	—	3678 50		
									Deficiency (H)	—	—	3628 1837		
									NET ASSETS	—	—	£546s		
£652						£546s								

STATEMENT OF AFFAIRS OF "A"

ON 15TH OCTOBER 19 .

Gross Liabilities			LIABILITIES			Expected to Rank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
23 38	7	6	Unsecured Creditors (A) Fully secured Creditor (B)— Bank Overdraft Value of Securities— (a) Freehold Property £6 000/— (b) Stock £2 383/10 10 (va per Dock Warrant)	6 897	3	6	Property (H)— Cash in hand (including Petty Cash) Stock Fixtures and Fittings Office Furniture Private Assets (consisting of Life Policy £100 held as a security) and Household Furniture) Horses and Carts	23 559	7	6	TOTAL	9 359	14	3
6 897	3	6	Surplus to cons ra	1 486	7	4	Book Debts (I)— Good Doubtful Bad	489	2	6	Good Doubtful Bad	365	—	—
589	2	0	Partly secured Creditors Value of Security (Life Policy)	589	2	6	100	—	—	—	—	—	—	—
589	17	2	Liability on Bills Discounted (D)	589	17	2	589	17	2	—	—	—	—	—
389	3	8	Contingent Liabilities (L)— Private Debt	—	—	—	—	—	—	—	—	—	—	—
183	3	6	Preferred Creditors— H Jones for Rent (T) Rates (G) Deducted as per contra	150	—	6	389	5	3	—	—	—	—	—
				32	3	6	Bills Receivable (J)	—	—	—	—	—	—	—
				£182	3	6	Surplus as per contra (Sub. D)	—	—	—	—	—	—	—
				—	—	—	TOTAL ASSETS	—	—	—	—	—	—	—
				—	—	—	Deduct for Preference Creditors as per contra	—	—	—	—	—	—	—
				—	—	—	Deficiency (K)	—	—	—	—	—	—	—
£22 245	19	3		£24 706	8	8						£24 706	8	8

STATEMENT OF AFFAIRS OF CATCHEM & CHETAM
ON 31st DECEMBER 19

Gross Liabilities		Liabilities		Expected to Bank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
80 000	-	Unsecured Creditors (A)	-	50 000	-	Property (B) —	-	1 350	-
10 000	-	Fully secured Creditors (B)	10 000	-	-	Cash and Bills	15 000	10 000	-
		Value of Security (Works)	90 000	-	-	Stocks and Work in Progress	-	-	-
		Surplus to contra	40 000	-	-	Consignments	20 000	2 000	-
30 000	-	Justly secured Creditors (C)	30 000	-	-	Furniture and Fittings	2 000	1 000	-
		Value of Security (Lien on Stock)	7 200	-	-	Total	-	15 150	-
10 000	-	Liability on Bills Discounted (D)	10 000	-	22 800	Book Debts (E) —	-	18 000	-
1 000	-	Preferential Creditors (F) —	-	-	3 000	Good	8 000	-	-
		Salaries and Rates Deducted as per contra	1 000	-	-	Doubtful	15 050	-	-
			-	-	-	Bad	21 650	3 000	-
			-	-	-	Surplus as per contra (Sch. D)	-	40 000	-
			-	-	-	Total Assets	-	76 150	-
			-	-	-	Deduct for Prefecture of Creditors as per contra	-	1 000	-
			-	-	-	Net Assets	-	75 150	-
			-	-	-	Deficiency (K)	-	650	-
			-	-	-		-	£75 800	-
£101 000	-		-	£75 800	-		-		-

Note — As Stock realize £18 000 instead of £25 000 the value of Lien held by Justly secured Creditors would be only equal to £8 of £10 000

EXERCISE XXI- No 20

ON 30TH JUNE 19

DEFICIENCY ACCOUNT817

STATEMENT OF AFFAIRS OF ALFRED SYKES
ON 31ST DECEMBER, 19

Gross Liabilities		Liabilities		Expected to Rank		Assets		Expected to Produce			
£	s	d	£	s	d	£	s	d	£	s	d
81 740	-	-	Unsecured Creditors (A)			Property (H)—					
20,000			Fully secured Creditors (B)			Cash in hand				5	-
			Value of Security			Cash at Bank				1	-
			Surplus to contra			Stock (in Warehouse)				698	13 4
7,500			Partly secured Creditors (C)			Futures, Hoot, etc.				533	6 8
			Value of Security			Properties Stock, Book Debts (Brazil)				18,000	-
8,000			Liability on Bills Discounted (D)			TOTAL				17,008	-
250			Preferential Creditors (G)—			Book Debts (H)—				8 650	-
			Wages and Taxes Deducted as per			Good					
			contra			Doubtful				6 000	-
						Bad				4 500	-
						Surplus as per contra (Sch. B)				3,333	6 8
						TOTAL ASSETS				6,000	-
						Deduct for Preferential Creditors as per contra				32 989	6 8
						Deficiency (K)				250	-
						Net Assets				32,739	6 8
£82 800										21,760	13 4
										54,500	-

EXERCISE XXI—No 21 (cont'd)

DEFICIENCY ACCOUNT

[illegible]

STATEMENT OF NATHAN THORPE

ON 20TH MARCH 194

[illegible]

EXERCISE XXI—No. 23

STATEMENT OF AFFAIRS OF JOHNSON & CALF

ON 31ST DECEMBER 19

Cross Liabilities	LIABILITIES			Expected to Bank			ASSETS			Expected to Road acc		
£ s d	£	s	d	£	s	d	£	s	d	£	s	d
25 £ 0	17 800	-	-	25 600	-	-	Property (H)— Cash	-	-	250	-	-
17 £ 0	25 000	-	-	-	-	-	Shares	-	-	9 000	-	-
	8 000	-	-	-	-	-	Property	-	-	9 000	-	-
23 000	23 900	-	-	-	-	-	Total	-	-	14 200	-	-
	3 000	-	-	0 900	-	-	Bank Deposits (I)— Good	-	-	1 900	-	-
	750	-	-	-	-	-	Doubtful	-	-	-	-	-
							Bad	-	-	-	-	-
							Bills Receivable (J)	-	-	200	-	-
							Surplus vs per contra (Sch. II)	-	-	4 250	-	-
							Total Assets	-	-	8 100	-	-
							Deduct for Preferential Creditors as per contra	-	-	27 900	-	-
							NET ASSETS	-	-	700	-	-
							Deficiency (K)	-	-	27 000	-	-
								-	-	14 700	-	-
								-	-	45 900	-	-

DEBIT CREDIT ACCOUNT

[illegible]

EXERCISE XXI—No 24.

ROBINSON BROS' BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES			ASSETS		
	£	s d		£	s d
Cash Creditors . . .	26,092	- -	Cash	843	- -
Trade Creditors . . .	31,280	- -	Bank	1,050	- -
Creditors	2,128	- -	Debtors	2,975	- -
			Stock	30,155	- -
			Fixtures	1,400	- -
			Life Policies	2,353	- -
			Properties	14,395	- -
			Partners Overdrawn—		
			Alfred	£2 885	
			Benjamin	2,282	
			Charles	1,182	
				6,329	- -
	£ 49,500	- -		£ 49,500	- -

ALFRED ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19 .

LIABILITIES			ASSETS		
	£	s d		£	s d
Cash Creditors . . .	2 578	- -	Household Furniture . .	1,000	- -
Tradesmen	697	- -	Other Effects	3,000	- -
Amount due to Partner ship	2 885	- -	Deficiency	2,160	- -
	£ 6,160	- -		£ 6,160	- -

Notes—

(a) It has been assumed that the Securities held by the Fully-secured Creditors, i.e. the amount of £14,395 would be represented by Property of the firm.

(b) The item "Other Effects" represents the "Securities" held by the Cash Creditors.

(c) The "Securities" have been assumed not to have represented the ACTUAL taking over of assets at time of making Balance Sheets.

EXERCISE XXI—No 24 (*contd*)

BENJAMIN ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Tradesmen	119			Household Furniture	1 000		—
Amount due to Partnership	2 262	—	—	Deficiency . . .	1 381	—	—
	£2 381				£2 381		—

CHARLES ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Cash Creditors	510		—	Household Furniture	500		—
Tradesmen	190	—	—	Reversionary Interest	200		—
Amount due to Partnership	1 182			(under Will of J Smith)			
	£1 832			Deficiency	1 182		—
					£1 832		—

STATEMENT OF AFFAIRS OF ALFRED ROBINSON

ON 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	697			Property (H)—			
Fully secured Creditors (B) £2 578				Household Furniture	1 000		—
Value of Security 3 000				Surplus as <i>per contra</i> (Sch B)	422		—
Surplus to <i>contra</i> 422							
SURPLUS to Partnership 725							
	£1 422				£1 422		—

EXERCISE XXI—No 24 (*contd*)

STATEMENT OF AFFAIRS OF BENJAMIN ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	119			Property (H)—			
SURPLUS to Partnership	881			Household Furniture	1,000		
	£1 000				£1 000		

STATEMENT OF AFFAIRS OF CHARLES ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	700			Property (H)—			
				Household Furniture	£500		
				Reversionary Interest	200		
				(under Will of J. Smith)	—	700	
	£700				£700		

EXERCISE XXI—No 24 *continued*

STATEMENT OF AFFAIRS OF ROBINSON BROS

ON 3RD APRIL 19

Gross Liabilities	Liabilities	Expected to Rank	Assets	Expected to Produce
£ s d		£ s d		£ s d
37 922	Unsecured Creditors (A)		Property (B)—	843
10 431	Fully secured Creditors (B)	17 922	Cash & Bank	1 030
	Value of Securities		Stock & Trade	30 127
	Surplus to contra		Surplus from Estates	1 400
			Allied Robinson	
9 013	Partly secured Creditors (C)		Benjamin Robinson	1 606
	Value of Securities			
1 340	Liabilities on Bills Discounted (D)	6 66	Book Debts (E)—	35 054
			Good	2 975
2 128	Preferential Creditors deducted as per contra		Surplus as per contra (£ & B)	3 960
			TOTAL ASSETS	41 869
			Deduct for Preferential Creditors as per contra	2 128
			Net Assets	39 741
			Deficiency (E)	4 723
£ 50 840		£ 44 584		£ 44 584

EXERCISE XXI—No. 25

STATEMENT OF AFFAIRS OF WOOD & SMITH
ON 1ST FEBRUARY, 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Reduce	
£	s d	£	s d	£	s d	£	s d	£	s d
25 000	0 0	Unsecured Creditors (A)— Trade " A B Loan	25 000 0 0	25 000	0 0	Property (H)— Cash in hand Cred at Bank Stock	85 4 10 270 14 2 1 275 6 10	85 4 10 270 14 2 1 275 6 10	0 0
4 000	0 0	Priority secured Creditors (B) Value of Security	4 000 0 0	—	—	Fixtures etc	—	—	—
240 12 6	0 0	Preference Creditors (C) deducted as per schedule	240 12 6	640	0 0	TOTAL	300	—	—
						Bank Debt (I)— Good	1 811 0 10	1 811 0 10	0 0
						Doubtful Debt	738	—	—
							72 14 9 41 5	72 14 9 41 5	0 0
						TOTAL ASSETS	£ 114	—	0 0
						Deduct for Preferential Creditors as per schedule	2 549 5 10 240 12 6	2 549 5 10 240 12 6	0 0
						DEFICIENCY (K)	2 908 13 4 20 291 12 2	2 908 13 4 20 291 12 2	0 0
							25 600 5 6	25 600 5 6	0 0

TRUSTEE'S FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	l	l	£	s	d
Cash	10					
Stock	800					
Fittings	115					
Property	150					
Sundry Debtors	335					
Surplus from As estate	120					
			1 530			
			£1 530			
				£	s	d
By Legal Expense						
Trustees Remuneration—						
5% on £1 530 assets realized				76	10	-
5% on £1 285 assets distributed				64	5	
						140 15 -
Creditors viz—						
Referential Creditors				100		
Sundry Creditors				1 125		
(Composit on of 12/6 in £)						
						1 285 - -
As Estate						69 - -
						£1 530 - -

TRUSTEE'S FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	l	l	£	s	d
Cash in Bank	4	7 11				
Miscellaneous	13	12 6				
Investments	40	13 2				
Life Policies	565	5 11				
Sundry Debtors	2 135					
		2 758 19 8				
		380 16 6				
			2 378 3 2			
			£2 378 3 2			
				£	s	d
By Sundry Payments						
Creditors viz—						
Preferential Creditors				28	9 6	
Unsecured Creditors				1 835	14 2	
(Composition of 2/9½ in £ on £13 250/4/4)						
						1 862 3 9
Balance an amount due to Messrs Tant & And						11 14 10
						£2 378 3 2

Less—
 Refund of Cost of Petition £5
 Redemption of Policies 375/16/8

TRUSTEES' FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—		£	s	d	£	s	d
Stock	.	1 250	-	-			
Jewellery	.	700	-	-			
Furniture	.	450	-	-			
Buildings	.	3 000	-	-			
Trading	.	7 000	-	-			
Sundry Debtors	.	3 100	-	-			
		15 500	-	-			
Less—							
Redemption of Jewellery	£ 400						
Mortgage	2 000						
Trading	6 250						
		8 650	-	-	6 850	-	-
					£ 6 850	-	-

EXERCISE XXI No 29

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Dodd To Loose Plant Sale of horses	500	-		500		
" 1	Cash Bills Receivable To Dodd Receipt of £100 in cash and four acceptances each of the value of £100 for periods of 1 2 3 4 mos respectively	100 400			500		-
" 3	Bank Discount To Bills Receivable Acceptances due 4th Feb and 4th Mar discounted	190 5			200		
" 31	Dodd To Bank (For his request for non presentment of bill due 4th Feb)	100	-		100		-
Apr 3	Bank To Bills Receivable Dodd's bill on 4th Feb	100			100		-
" 6	Dodd To Bills Receivable For cancellation of bill due 4th May	100	-		100		-
" 6	Bank To Dodd Settlement of Dodd's Account	200			200		-
May 1	Bank To Brad's Account Dividend of 6 6 in the £ received	2	10		2	10	-

EXERCISE XXI—No. 29 (contd.)

JOURNAL—(contd.)

19		£	s	d	£	s	d
May 1	Bad Debts Account To Bradley Balance of Bradley's A/c irrecoverable	7	5	-	7	5	-
" 2	Bank To Bad Debts Recovered Sum received from James, whose account had been written off as bad	5	-	-	5	-	-
" 3	Earle & Co To Sales Goods consigned to Earle & Co	100	-	-	100	-	-
" 4	Joint Account To French Tea purchased on Joint A/c with Brockle	500	-	-	500	-	-
" 5	Bank To Brockle Receipt of Brockle's half of cost of tea purchased in venture	250	-	-	250	-	-
" 6	Bank To Joint Account Sale for cash of tea on venture	700	-	-	700	-	-
" 7	Joint Account To Commission etc Commission and expenses of sale of tea on venture	18	6	-	18	6	-
" 7	Joint Account To Brockle Transfer of share of gain on venture	90	17	-	90	17	-
" 7	Brockle To Cash Payment of amount due to Brockle	340	17	-	340	17	-
		£3 715	-	-	£3 715	-	-

Dr		JOINT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
May 4	To French	500	-	-	May 6	By Cash	700	-	-
" 7	" Commission, etc. (Expenses)	18	6	-					
" 7	" Brockle (½ share of Profit)	90	17	-					
" 7	" Profit and Loss A/c	90	17	-					
		£700	-	-			£700	-	-

EXERCISE XXI—No 29 (contd)

Dr		DODD				Cr			
19		£	s	d	19		£	s	d
Jan 1	To Loose Plant	400	-	-	Jan 1	By Bills Receivable	400	-	-
31	Bank	100	-	-		Cash	100	-	-
Apr 6	Bills Receivable	100	-	-	Apr 6		200	-	-
		£700					£700		

Note—The account of Dodd has been shown to add clearness to the solution

EXERCISE XXI—No 30

An Accommodation Bill is a Bill of Exchange given by one person to another for the mutual benefit of both parties or for the benefit of either party. It is distinguished from an ordinary B/E as no value is given for it.

JONES JOURNAL

19		£	s	d	£	s	d
Jan 1	Jas Smith To Bills Payable For bill of £1 000 for 3 mos drawn for their mutual accommodation	1 000	-	-	1 000	-	-
" 1	Bank Discount To Jas Smith For share of proceeds of bill and discount charges	495 5	-	-	500	-	-
Mar 31	Bills Receivable To Jas Smith For B/E to provide funds to meet bill of £1 000 for 3 mos	1 100	-	-	1 100	-	-
" 31	Bank Discount To Bills Receivable	1 090 10	-	-	1 100	-	-
31	Jas Smith To Cash	44	-	-	44	-	-
June 29	Jas Smith To Bills Receivable For bill dishonoured by Jas Smith becoming bankrupt	1 100	-	-	1 100	-	-
Dec 31	Cash Bad Debts Account To Jas Smith For composition of 10/- in £ on balance of £544 and balance written off as being irrecoverable	272 272	-	-	544	-	-
		£5 388	-	-	£5 388	-	-

EXERCISE XXI—No 33

BANK CASH BOOK (PAYMENTS)

Date	Particulars	Discount	Cash	Bank	Bo ght Ledger	Sal s Ledger	General Ledger	Private Ledger
19 Jan 4	By Wages	£		£ 27 13 6	£		£ 27 13 6	£
11	D Dunlop	8 14 8		165 18 6	174 13 2			
11	Wages			31 14 8			31 14 8	
13	Bills Payable			270 10 6			270 10 6	
16	J Ernest	4 6 9		82 9	86 15 9			
17	Fetty Cash			10				
18	Drawings			50				50
19	Wages			29 2 10			29 2 10	
19	Purchases A/c			50 10 5		150 7 6	50 10 5	
24	J Scott			150 7 6				
25	J Franklin	10 17 4		208 9 6	217 6 10			
		£23 18 9		£1 074 16 5	£478 15 6	£150 7 6	£409 11 11	£50

Note—See *Advanced Accounts* Chapter IX for *pro forma* examples of Adjustment Accounts

Dr

REALIZATION ACCOUNT

Cr

19.	To Sundry Assets	£	s	d	19..	By Cash	£	s	d	£	s	d.
		38,000	-	-		Balance, Loss on Realization— Brown's share = $\frac{1}{2}$ of £8,000 Robinson's share = $\frac{1}{2}$ of £8,000	6,000	-	-	30,000	-	-
		£38,000	-	-			2,000	-	-	8,000	-	-
										£38,000	-	-

Dr

CASH ACCOUNT

Cr

19	To Realization A/c.	£	s	d	19	By Sundry Creditors	£	s	d.
		30,000	-	-		Mortgage	9,000	-	-
						Bills Payable	3,000	-	-
						Brown's Capital A/c	1,000	-	-
						Robinson's Cap A/c	9,000	-	-
							8,000	-	-
		£30,000	-	-			£30,000	-	-

Note — Brown receives £9,000 = (Capital Balance £15,000 — Share of Loss on Realization Account £6,000).
 Robinson receives £8,000 = (Capital Balance £10,000 — Share of Loss on Realization Account £2,000).

EXERCISE XXI—No 35

JOURNAL OF FREESTONE & CO LTD

19		£			£		
		£	s	d	£	s	d
	Depreciation Account . To Plant Account 10% of £80 000	8 000	-	-	8 000	-	-
	Profit and Loss Account To Depreciation Balance transferred	8 000	-	-	8 000	-	-
	Debenture Interest To Debenture holders Income Tax Half year's Debenture Interest pro vided 5% of £30 000 for 6 mos less tax @ 10/-	750	-	-	375	-	-
	Profit and Loss Account To Debenture Interest . Balance transferred	750	-	-	375	-	-
		£ 17 500	-	-	17 500	-	-
	Ordinary Share Dividend . To Ordinary Shareholders Income Tax Dividend provided @ 10% less In come Tax @ 10/-	7 000	-	-	3 500	-	-
	Profit and Loss Account To Appropriation Account Balance transferred	11 250	-	-	11 250	-	-
	Appropriation Account To Ordinary Share Dividend Balance transferred	7 000	-	-	7 000	-	-
		£ 25 250	-	-	25 250	-	-

CASH BOOK
(CREDIT SIDE)

		Bank		
		£	s	d
19	By Ordinary Shareholders	3 500	-	-

EXERCISE XXI—No 36.

BLACK KELLY & CO LTD.
BALANCE SHEET AS AT 31ST MARCH 19..

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Nominal Capital				Freehold Land and Buildings			
£	s	d		£	s	d	£
100 000	—	—					30 000
Issued Capital—							
50 000 6% Cumulative Preference Shares fully paid							
10,000 Ordinary Shares of £5 each £2 called up							
20 000	—	—		35	—	—	15 000
100	—	—		1 500	—	—	15 000
				100	—	—	1 000
Less Unpaid Calls							
Mortgage Debentures							
Reserve A/c							
Sundry Creditors							

EXERCISE XXI—No. 37 (cont'd.)

THE IDEAL NEWSPAPER CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19..

[illegible]

Dr	£	s	d	£	s	d	Cr
To Boxes Purchased							
By 264—	4 400						37 870
European	9 527						3 854
Native							
To Cron Expenses				11 927			
May of 1919 Expenses				4 200			
Balance Gross Profit c/d				7 490			
				22 435			
				£ 41 714			£ 41 711
To Rent and Rates							
Machinery Repairs				543			
General Charges				423			
Hospital Expenses				311			
Marine Insurance				1 575			
Fire Insurance				248			
Law Charges				0			
Directors' Fees				32			
London Office Account (Salaries and Expenses)				350			
Auditors' Fees				1 021			
Freight Charges				52			
Master's Commission				2 035			
Calcutta Agency Expenses				1 040			
Bad Debt Reserve (5% of £8 400)				1 745			
Depreciation—				420			
Machinery and Plant (10% of £5 700)				320			
Balance Net Profit c/d				11 105			
				£ 21 440			£ 21 410

Dr	£	s	d	Cr
To Dividend 1919				
Reserve Account	8 100			
Balance to Balance Sheet	3 000			
	10 500			
	£ 21 655			£ 21 655

EXERCISE XXI—No 38 (contd.)

THE SYLHET TEA PLANTATIONS LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital—							Plantations	3,700			184,000		
20,000 Ordinary Shares of £10 each	£200,000						(Land and Buildings)	370					
							Machinery and Plant						
							Less Depreciation				3,310		
Issued Capital—							Stock	8,400			3,854		
16,200 Ordinary Shares of £10 each, fully paid	£162,000						Sundry Debtors	420					
Reserve Account	£5,000						Less Bad Debts Reserve				7,980		
Add Transfer from Profit	3,000						Cash in hand				122		
Bank Overdraft													
Bills Payable													
Sundry Creditors													
Profit and Loss Account—													
Balance available for dis-tribution	10,555												
	£199,286										£199,286		

THE EXCELSIOR MANUFACTURING AND TRADING CO. LTD

Dr

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE XXI—No 39 (cont'd)

THE EXCELSIOR MANUFACTURING AND TRADING CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER, 19

[illegible]

EXERCISE XXII—No. 1

STATEMENT OF AFFAIRS OF FXPRESS PARCELS SERVICE LTD AS AT 29TH FEBRUARY 19

	£	s	d	Book Value	Estimated to Produce
Unsecured Creditors					
Secured Creditors					
Less value of security	3 250			3 650	3 400
Expected to rank	3 000			1 200	500
Preferential Creditors				975	375
				1 450	810
Deduct per Contra	60				4 855
				500	600
				150	300
					575
					60
					5 655
					725
					6 380

Dividends on £10 000 7 per cent Preference Shares are in arrear for one year

STATEMENT OF AFFAIRS OF UNSOUND, LTD AT ...

Gross Liabilities		LIABILITIES		ASSETS			
£	s	d	£	s	d	£	s
58,100	-	-	Unsecured Creditors—			Cash & Hand	10
270	-	-	Trade			Stock in Trade	-
20,500	-	-	Bank			Estimated to Produce	1,250
			Creditors fully secured			Plant and Machinery	-
			Estimated value of security	20,500		Estimated to Produce	2,070
			Surplus to Contra	45,600		Fixtures and Fittings	-
			Creditors for items that are preferential	25 100		Estimated to Produce	290
			deducted contra	710		Investments	-
						Estimated to Produce	510
						Goodwill	-
						Estimated to Produce	-
						Book Debts—	Nil
						Good	4 130
						Bad and Doubtful	4 40
						Estimated to Produce	-
						Surplus from security to the hands of creditors, fully secured vs per contra	2,290
						Deficits preferential creditors as per contra	-
						Deficiency	-
£80 580	-	-					£
							58 370

PRESTON & CO LIMITED

Receipts	L	d
Cash at Bank	87	
Proceeds of sale of— Land and Buildings Plant and Machinery	2 128 1 404	
Stock in Trade	1 457	
Book Debts collected	2 166	
	<u>77 662</u>	

PAYMENTS	L	d
Expenses of Liquidation		
Preferred Creditors		
Liquidator's Remuneration— 3 per cent on the amount realized	927	1
£ per cent on amount distributed to unsecured creditors	135	16
	<u>469</u>	14
Unsecured creditors—first and final dividend of 15s 8½d in the £ to—creditors on their uninsured claims amounting to 48 6 9		6 790
Balance to Bank of England (Liquidators' Account)		<u>17 662</u>

Should any further information be desired by creditors or contributors I shall be happy to furnish it.

Bankruptcy Hall,
London

1st April 1951.

G K BUCKNALL I C A

Liquidity

EXERCISE XXII—No. 4.

A COMPANY LTD (IN VOLUNTARY LIQUIDATION)
LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

Receipts		Payments	
£	s d	£	s d
Cash in hand at beginning of liquidation	50	Debentures repaid including six months interest and income tax thereon	10 250
Proceeds of sale of Company's Stock on Trade	9 850	Liquidation Expenses	4 18 9
Proceeds of sale of Company's Plant etc	1 250	Preferential Creditors	370
Book Debts collected	9 850	Liquidator's Remuneration —	
		3 per cent on £16 800	504
		2½ per cent on £3 062 10s	128 11 3
		Unsecured Creditors first and final Dividend of 15s in the £ to — Creditors on their unsecured claims amounting to £8 750	630 11 3
	£16 800		5 062 10
			£16 800

Should any further information be desired by Creditors or Contributors, I shall be happy to furnish it

21 Walbrook Street,
London, E.C.2

5th July, 19..

H. L. PEARCE,
Incorporated Accountant

Liquidator.

EXERCISE XXII No. 5

STATEMENT OF AFFAIRS OF FREDRICK AYLINC AT

[illegible]

EXERCISE XXII — No. 6

STATEMENT OF AFFAIRS OF S. BROKE at 1st APRIL 1936

[illegible]

DEFICIENCY ACCOUNT OF S BROKE

Assets or Liabilities on 1st April 1935	£	s	d.
Net profit from earnings on business from 1st April 1935, to 1st April, 1936	900	-	-
Deficiency as per statement of Affairs	40	-	-
	1 070	-	-
	£ 910	-	-

Estimated losses on Realization—	£	s	d.
Business Expenses	200	-	-
Furniture and Fittings	100	-	-
Stock in Trade	800	-	-
Book Debts	70	-	-
	1,170	-	-
	740	-	-
	£ 1 910	-	-

Household and Personal Expenses from 1st April, 1935 to 1st April 1936

BALANCE SHEET OF JAMES GIBSON AS AT 1st JULY 19

LIABILITIES AND CAPITAL		ASSETS	
£	s	£	s
1242	2	17	2
1750	9	850	0
		75	0
		300	0
		2500	0
		800	0
		£4992	2
		£4992	2

STATEMENT OF AFFAIRS OF JAMES GIBSON AS AT 1st JULY 19

LIABILITIES AND CAPITAL		ASSETS	
£	s	£	s
1242	2	17	2
1750	9	850	0
		75	0
		300	0
		2500	0
		800	0
		£4992	2
		£4992	2

EXERCISE XXII No. 8.

STATEMENT OF AFFAIRS OF WILLIAM GIMBLETT AT 15TH JANUARY, 19.

Gross		LIABILITIES		Assets		Total	
£	s d	£	s d	£	s d	£	s d
3 720	-	Unsecured Creditors	3 800	1 Furniture	1 400	-	5 120
3 860	-	Creditors fully secured Bank	4 000	Loan to friend	500	-	5 120
	-	Estimated value of security	-	Bank Excess—	-	-	-
	-		-	Good	1 000	-	-
	-	Surplus to cover	1 140	Goodful	1 200	-	-
3 840	-	Insurance Company	550	Estimated to purchase	240	-	60
	-	Estimated value of security	500	Good	140	-	290
	-	Surplus to cover	1 190	Surplus in hands of fully secured Creditors per centage	150	-	-
3 000	-	Creditors partly secured	400	Deduct Preferential Creditors per centage	-	-	1 710
	-	Estimated value of security	250	Deficiency	90	-	2 100
	-	Assigned to bank	-	Dividend 8s 2d in the £	-	-	23 770
90	-	Effect of initial Creditors deducts of 40000	90		-	-	-
18 200	-	Comin kept liability on Bala discounted	150		-	-	-

PURCHASE OF 5 PFR CENT DEBENTURES ACCOUNT

[illegible]

CASH BOOK

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5 PER CENT DEBENTURES ACCOUNT

1937	1937	1937	1937	1937	1937
June 1	Apr 1	June 1	Apr 1	June 1	Apr 1
To Purchase of 5 per cent Debentures Account		3 000	-		
By Balance brought down				10 000	
		2 000	-		

CAPITAL RESERVE ACCOUNT

1937		£	s	d		£	s	d
Sept 1	To Purchase of 5 per cent Debentures Account	10	-	-	June 1	By Purchase of 5 per cent Debentures Account	60	-

EXERCISE XXII—No 20

PROFIT AND LOSS ACCOUNT OF BROWN JONES & SMITH FOR THE YEAR ENDED 30TH SEPTEMBER 1937

D>

C>

To Mortgage Interest
 " Repairs and Insurance in respect of properties in hand
 " Bank Interest
 " Workshop, Yard and Office Expenses not directly apportioned to contracts—
 Rent and Rates
 Salaries and Wages
 Heat, Light and Power
 Stationery Telephone etc
 Sundries

Less Charged to Contracts
 " Apportioned to Contracts

Partners' Salaries
 Interest on Capital
 Less Interest on Current Accounts
 Net Profit earned by Current Accounts—
 Brown
 Jones
 Smith

£	s	d	£	s	d	£	s	d	£	s	d
1 850						518					
1 405						65					
619						179					
70											
452											
4 091											
3 745											
1 800											
54											
731											
522											
315											
308											
1,500											
1,745											
1,567											
15 911											
3 807											
500											
670											
109											
825											

By Profit on Contracts completed
 Profit on Contracts not yet completed
 Profit on Properties sold
 Profit on Sale of Materials
 Agents' Reserve

£5,911

EXERCISE XXII—No 10 (cont'd)

BALANCE SHEET OF BROWN JONES & SMITH AS AT 30TH SEPTEMBER 1937

LIABILITIES AND CAPITAL					
Sundry Creditors					
Bank Overdraft					
Mortgages					
Current Accounts	3041				
September 1936					
Add Interest on Capital					
Share of Profit					
Less Drawings					
Interest on Drawings and Current Account balances					
Capital Accounts					

Cash in Hand					
Sundry Debtors—					
Rents					
Completed Contracts					
Amount expended on Construction in course of completion					
Add Overhead Expenses not yet charged to Contracts					
Estimated Profit to Date					
Less Amount Received on Account					
Stores and Materials on Hand					
Tools and Plant					
Properties in Hand					
Current Account — Smith—as per Contract					

Brown	Jones	Smith
£ s d	£ s d	£ s d
820	Dr 60	40
900	500	400
510	500	500
731 8 4	922 8 1	13 9 4
2781	402	1253
2500	1470	1260
14 16 5	24 1 8	15 8 4
£236 11 9	£18 7 3	Dr £21 19 -
18 000	10 000	8 000
		54 16 -
		36 000
		51 705 19

EXERCISE XXII—No 12

JOURNAL

	£	s	d	£	s	d
Profit and Loss Account To General Reserve Account Transfer of amount to reserve as per resolution dated	15 000			15 000		
Preference Share Dividend Account To Sundry Preference Shareholders Final dividend of 3 per cent on 250 000 Preference Shares of £1 each declared by resolution dated	7 500			7 500		
Profit and Loss Account To Preference Share Dividend Account Transfer	7 500			7 500		
Sundry Preference Shareholders To Income tax Account Transfer of tax on £7 500 dividend at 4s 6d in the £	1 687	10		1 687	10	
Profit and Loss Account To Employees Pensions Fund Transfer of amount placed to fund as per resolution dated	10 000			10 000		
Ordinary Share Account To Sundry Ordinary Shareholders Dividend of 20 per cent free of tax on 400 000 Ordinary Shares of £1 each declared by resolution dated	80 000			80 000		
Profit and Loss Account To Ordinary Share Dividend Account Transfer	80 000			80 000		
Bonus Dividend Account To Sundry Ordinary Shareholders Bonus of £1 Share taken at a price of £2 for every 50 shares held on 400 000 Ordinary Shares declared by resolution dated	16 000			16 000		
Profit and Loss Account To Bonus Dividend Account Transfer	16 000			16 000		
Sundry Ordinary Shareholders To Ordinary Share Capital Account Ordinary Share Premium Account Issue of 80 000 Bonus Shares of £1 each at a premium of £1 a share	16 000			8 000		
				8 000		
	£249 687	10		£249 687	10	

EXERCISE XXII—No 13.

JOURNAL

		£	s	d	£	s	d
1936							
Mar 10	Cash	2,500					
	To Ordinary Share Application Account				2,500		
	Being receipt of 5s a share on 10,000 shares due on application						
" 31	Ordinary Share Application Account	2,500					
	To Ordinary Share Capital Account				2,500		
	Being 5s a share due on application on 10,000 shares						
	Ordinary Share Allotment Account	7,500					
	To Ordinary Share Capital Account				7,500		
	Being 15s a share due on allotment on 10,000 shares						
	Cash	7,500					
	To Ordinary Share Allotment Account				7,500		
	Being receipt of 15s a share on 10,000 shares due on allotment						
	Preference Share Capital Account	20,000					
	Profit and Loss Account (Premium)	1,000					
	To Sundry Members				21,000		
	Being transfer of shares now redeemable and premium of 5 per cent thereon as per resolution						
	Sundry Members	21,000					
	To Cash				21,000		
	Being redemption of above shares						
	Profit and Loss Account	10,000					
	To Capital Redemption Reserve Fund				10,000		
	Being transfer of a sum equal to the amount applied out of profits in redeeming shares						
		£72,000			£72,000		

EXERCISE XXII—No 14

THE X RAILWAY CO
RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT

To EXPENDITURE	Amount Expended to 31st December 19—	By Receipts	Amount Received to 31st December 19—
Lines open for Traffic	£ 1 01 10 10	4 per cent Preference Stock	£ 450 000
Lines in course of Construction	5 000	Ordinary Stock	600 000
Working Stock (Engines Carriages etc.)	1 75 000	4 per cent Debenture Stock	450 000
		Premiums on Stocks	35 000
Total Capital expended on Railway	1 230 010		
Contributions to Joint Lines	100 000		
Purchase of Grand Canal	30 000		
Total Expenditure	1 360 010		
Balance to General Balance Sheet	74 990		
	£ 1 435 000	Total Receipts	£ 1 435 000

GENERAL BALANCE SHEET 31ST DECEMBER 19

	£	s	d		£	s	d
Capital Account Balance at Credit thereof	74 990			Cash at Bank	34 000		
Debts due to other Companies	3 100			General Stores Stocks on Hand	35 610		
Sundry Tradesmen etc.	34 200			Traffic Accounts due to Company	35 600		
Fire Insurance Fund	9 000			Due from other Companies	2 700		
Superannuation Fund	20 000			Sundry Outstanding Accounts	3 700		
Balance to Credit of Net Revenue Account	10 510			Superannuation Fund Investments	20 000		
	£ 151 800				£ 151 800		

EXERCISE XXIII—Nos 1-8.

- (1) £20
- (2) £7 10s 4d per cent per annum
- (3) £3 13s 5d
- (4) £3 8s 5d or 3 419 per cent
- (5) £11 9s 6d
- (6) £6 6s 9d
- (7) £14 7s 6d
- (8) £3 16s 6d

EXERCISE XXIII—No 9.

See *Advanced Accounts* Chapter XXIII for Examples

EXERCISE XXIII—No 10

Dr INVESTMENT ACCOUNT Cr
(Annual investment of £250 at Compound Interest [yearly] 2½%)

Year		£	s	d	Year		£	s	d
1	To Cash	250			6	By Balance fwd . .	1630	17	1
	Interest	6	5						
2	To Cash	256	5						
	Interest	250							
		12	13	1					
3	To Cash	518	18	1					
	Interest	253							
		19	4	5					
4	To Cash	788	2	6					
	Interest	250							
		25	19	1					
5	To Cash	1064	1	7					
	Interest	250							
		32	17						
6	To Cash	1346	18	7					
	Interest	250							
		39	18	6					
		£1636	17	1			£1636	17	1

36. NEW ZTAI AND (1945) STOCK
(INFLUENT PAYABLE 1ST APRIL AND 1ST OCTOBER)

Date	Particulars	Debit	Credit	Balance
19 June	To Cash £5000 By Bank £5000			
19 April	Profit on Sale of Inventory Income Statement			
19 April	To Balance b/f			

Note—The NOMINAL column on credit is left as been used for details re dividends. In practice this would not be done exercises 15 and 16; we have been very early treated for purposes of economy

JOIN STATHAM'S LEDGER

Dr.

B

C7

[illegible]

86 EXERCISE XXIII—No 15

21% CONSOLS

(INTEREST PAYABLE ON 5TH JANUARY, 5TH APRIL 5TH JULY AND 5TH OCTOBER)

4

5

[illegible]

BLANK PRIMER STOCK

407

(DIVIDENDS PAYABLE 31ST MARCH 30TH JUNE 30TH SEPTEMBER 31ST DECEMBER)

5

[illegible]

NOTE: In this and some other cases, the procedure only a later / other rate is added to work of by the s d)

EXERCISE XXIII—No 20

See *Advanced Accounts* page 1048 for specimen

EXERCISE XXIII—No 21

Specimen of Rates Ledger for a Water Co is appended—

District *L* Period *Quarter ending 25th March 19*
 Name of Road or Street *Martin Street* Date for Payment *25th April 19*
 Name of District Collector *J Phillips*

No of House	Name of Resident	Rents/Assess-ment	Per cent charged	SPECIAL SUPPLIES FOR		Amount of Tax	Date of pay-ment	Amount Paid	Arrears	Bal. Debits	Remarks
				Bath rooms	W.C.s						
3	Johnson J M (Suppt, Auct)	£ 100 100	8% 8 1/2	2	2	£ 8 1/2	Apr 12 10	£ 7 10 5	£ 3 10 3	£ 3 10 3	Remove!— cannot trace

EXERCISE XXIII—No. 23

JOURNAL OF Z

1937			£	s	d	£	s	d
Dec 31 (a)	Preference Share Dividend A/c	Dr	1 275	-	-			
	To Preference Shareholders					958	5	-
	, Income Tax @ 5s ¹					318	15	-
„ 31	Profit and Loss Appropriation Ac	Dr	1,275	-	-	1,275	-	-
	count							
	To Preference Share Dividend							
„ 31 (b)	Ordinary Share Dividend A/c	Dr	5,000	-	-			
	Bonus Account	Dr	1,000	-	-			
	To Ordinary Shareholders					6 000	-	-
„ 31	Profit and Loss Appropriation Ac	Dr	6,000	-	-			
	count							
	To Ordinary Share Dividend					5 000	-	-
	Bonus Account					1,000	-	-
„ 31 (c)	Profit and Loss Appropriation Ac	Dr	5,000	-	-			
	count							
	To General Reserve Account					5 000	-	-
„ 31 (d)	General Reserve Account	Dr	20 000	-	-			
	To Bonus Account					20 000	-	-
	Bonus Account	Dr	20 000	-	-			
	To Ordinary Share Capital A/c					20 000	-	-

¹ The matter of Income Tax, though not in the question has been raised as a matter of course at an assumed rate only

EXERCISE XXIII—No. 24

(a) The three ways by means of which Debentures may be redeemed are—

(1) Out of Profits (2) out of Capital and (3) by means of a Sinking Fund (See *Advanced Accounts* page 686 *et seq*)

(b) The circumstances under which Bonus Shares would be issued are two-fold, namely—

(1) When a company has accumulated large Reserves out of profits, and (2) when successful trading causes the shares of such companies to be "above par," or at a premium (see *Advanced Accounts*, page 714 for example of issue of Bonus Shares).

Dr

REALIZATION ACCOUNT

Dr		Cr	
19			
To Sundry Assets Cash (Expenses)	£ 6 000 s 250 d	By Cash— Plant Stock Debt rs Bills Receivable	£ 1 500 1 000 750 700 4 500
		Balance transferred & Deficiency A/c— A's share of losses on Realization £ 456 13 4 B's share of losses on Realization £ 466 11 4 C's share of losses on Realization £ 566 11 4	
	£ 6 250		1 700
			£ 6 250

Dr

DEFICIENCY ACCOUNT

Dr		Cr	
19			
To Realization A/c	£ 1 700 s d	By Cash— A B	£ 1 133 566 11 4
	£ 1 700	C's Cap Overdrawn A/c	1 133 566 11 4
			1 700

	CASH ACCOUNT						Cr.
	To Balance Realization A/c. Deficiency A/c— A. B	£	s	d	By Sundry Creditors Loan A/c Bills Payable Exps on Realization A's Capital A/c £ B's Capital A/c, £ <u>1,989/11/8</u> <u>1,193/15/-</u>	19 .	
19..					£ 500	-	2,000
					4 550	-	500
		566	13	4		-	500
		566	13	4	1 133	6	250
	" C's Estate.				250		
					£6 433	6	3,183
							G 433

D,		A s CAPITAL ACCOUNT				C,			
		£	s	d	19		£	s	d.
19..	To Share of C's Over-drawn A/c, $\frac{1}{4}$.	510	8	4		By Balance	2,500	-	-
	, Cash	1,989	11	8					
		£2 500	-	-			£2,500	-	-

B's CAPITAL ACCOUNT

Dr		Cr	
19	To Share of C's Over drawn A/c & Cash	19	By Balance
	£	£	£
	306 5		1 500
	1 193 15		
	£1 500		£1 500

C's CAPITAL OVERDRAWN ACCOUNT

Dr		Cr	
19	To Balance Share of Deficiency	19	By Cash Balance
	£	£	£
	500		510 8 4
	566 13 4		306 5
	£1 066 13 4		816 13 4
			£1 066 13 4

FINAL STATEMENT

Amount due to Partners in respect of Capital—

A £288 of £3 183½

Less Contribution 1's Share of Deficiency

£	s	d	£	s	d
1	0	8	1	0	8
288	13	4	1	0	19
					1

B £288 of £3 183½

Less Contribution 1's Share of Deficiency

£	s	d	£	s	d
1	193	15	627	1	8
566	13	4			

£9 0 0

EXERCISE XXIII—No 27

JOURNAL
OPENING ENTRIES

19			£	s	d	£	s	d
Jan 1	Cash in hand		50	-	-			
	at Bank		500	-	-			
	Port Wine (5 pipes @ £60 a pipe)		300	-	-			
	Sherry (5 butts @ £50 a butt)		250	-	-			
	H. Johnson		50	-	-			
	Bills Receivable		250	-	-			
	Office Furniture		100	-	-			
	To A. Robinson					90	-	-
	" W. Walters					60	-	-
	" Bill. Payable					50	-	-
	(A. Robinson due 6th Jan)							
	" W. Brown (vendor)					1 300	-	-
			£1 500	-	-	£1 500	-	-

JOURNAL ENTRIES

19			£	s	d	£	s	d
Jan 1	W. Brown (vendor)		800	-	-			
	To Share Capital Account					800	-	-
	For issue to vendor of 800 shares of £1 each as fully paid in part payment of purchase price of business							
" 1	Sundry Shareholders		1 700	-	-			
	To Share Capital Account					1,700	-	-
	For issue of balance of shares, i.e. 1 700 shares of £1 each							
			£2 500	-	-	£2 500	-	-

CASH BOOK
(DEBIT SIDE)

		Cash	Bank
19		£ s d	£ s d
Jan 1	To Balance	50 - -	500 - -
" 1	.. Sundry Shareholders		1 700 - -
		£50 - -	£2 200 - -

(CREDIT SIDE)

		Cash	Bank
19		£ s d	£ s d
Jan 1	By W. Brown (vendor)	50 - -	500 - -
" 1	.. Balance c/d		1,700 - -
		£50 - -	£2 200 - -

EXERCISE XXIII—No 28

JOURNAL

		£	s	d	£	s	d
19 Jan	Application Account Allotment Account To Share Capital Account For issue of 20 000 shares upon which £1 per share on applica- tion and £2 per share on allot- ment has been made	20 000					
		40 000			60 000		
Apr	First Call Account To Share Capital Account For £3 per share on 20 000 shares	60 000			60 000		
June	Second Call Account To Share Capital Account For £3 per share on 20 000 shares	60 000			60 000		
	Business Purchase Account To Messrs Wilson & Co (vendors) For purchase of Gladsdale Iron Works from vendors as per agree- ment	180 000			180 000		
		125 000			125 000		
	Messrs Wilson & Co (vendors) To Share Capital Account For issue to vendors of 2 500 shares of £10 each as fully paid being part payment of purchase price of business	25 000			25 000		
		£330 000			£330 000		

TRIAL BALANCE

	£	s	d	£	s	d
Business Purchase Account	125 000					
<i>Calls in Arrears—</i>						
1st Call Account	15 000					
2nd Call Account	£12 500					
	17 500					
Cash at Bank	67 500					
Share Capital				205 000		
	£205 000			£205 000		

EXERCISE XXIII—No. 28 (contd.)

CASH BOOK
(DEBIT SIDE)

					Bank		
		£	s	d	£	s	d
19 Jan	To Application and Allotment A/c				60 000	—	—
Apr	„ First Call Account				55 000	—	—
June	„ Second Call Account				47 500	—	—
					<u>£162 500</u>	—	—

(CREDIT SIDE)

					Bank		
		£	s	d	£	s	d
19 June	By Messrs Wilson & Co (vendors)				100 000	—	—
„	„ Balance c/d				62,500	—	—
					<u>£162,500</u>	—	—

Dr APPLICATION AND ALLOTMENT ACCOUNT (SHARES) Cr

Dr		£	s	d	Cr		£	s	d
19 Jan	To Share Capital	60 000	—	—	19 Jan	By Cash	60 000	—	—

Dr FIRST CALL ACCOUNT (SHARES) Cr

Dr		£	s	d	Cr		£	s	d
19 Apr	To Share Capital	60 000	—	—	19 Apr	By Cash	55 000	—	—
					„	„ Balance c/d	5 000	—	—
		<u>£60 000</u>	—	—			<u>£60 000</u>	—	—

Dr SECOND CALL ACCOUNT (SHARES) Cr

Dr		£	s	d	Cr		£	s	d
19 June	To Share Capital	60 000	—	—	19 June	By Cash	47,500	—	—
					„	„ Balance c/d	12 500	—	—
		<u>£60,000</u>	—	—			<u>£60 000</u>	—	—
	To Balance b/d	12,500	—	—					

EXERCISE XXIII—No 29

JOURNAL OF MESSRS BLACK & TAN LTD

19 Jan		£	s	d	£	s	d
	Sundry Shareholders To Ordinary Share Capital	75,000	-	-	75,000	-	-
	Sundry Shareholders To Preference Share Capital	100 000	-	-	100 000	-	-
	Business Purchase Account To Vendor's Account For part value of business purchased	50,000	-	-	50,000	-	-
	Vendor's Account To Ordinary Share Capital For issue to Vendor of 10 000 shares of £5 each as part pay- ment of purchase price of busi- ness	50 000	-	-	50,000	-	-
	Ordinary Share Capital To Forfeited Shares Account Unpaid Calls	2 500	-	-	1,500	-	-
					1,000	-	-
	Debenture Holders To Debentures	100 000	-	-	100 000	-	-
		£377 500	-	-	£377 500	-	-

CASH BOOK
(DEBIT SIDE)

19 Jan		£	s	d
	To Sundry Shareholders (Ordinary Shares)	75 000	-	-
	To Sundry Shareholders (Preference Shares)	100 000	-	-
	To Debenture Holders	100,000	-	-
		£275 000	-	-

EXERCISE XXIII—No 30

THE STATUTORY AND STATISTICAL BOOKS

(Incorporated under the

APPLICATION AND ALLOT

No of Application	Date of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	19 Feb	Smith, F	12 Brooke Street, Lyndhurst	Surveyor	1,200	1,800
2	17	Finch, T F	64 Fleet Street London E C	Journalist	800	900
3	18	Strong P	17 Thorowille Road Buxton	Architect	1,000	1,500
4	18	Carter G M	2 Boulders Lane, Cleethorpes	Spinnier	800	900
5	18	Turner R	58 Longworth Road Thuxton	Merchant	1,200	1,800
6	19	Brown A	93 St Peter's Road Somerset	Broker	1,000	1,500
7	19	Trelwyn N	110 Lane Street, Liverpool	Mason	1,500	2,250
8	20	Philpott L	14 Larnway Avenue Buxton	Butcher	800	900
9	21	French, H	106 Cornsable Lane Leicester	Designer	1,200	1,800
10	21	Smith, A	2 Grace Mansions, Pudworth	Banker	2,500	3,750
					11,400	17,100

SHAREHOLDERS' CASH

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 Feb	To Application A c—			19 Feb	By Balance b/d		
16	Smith F	1,200				17,100	
17	Finch, T F	800					
18	Strong P	1,000					
18	Carter, G M	800					
18	Turner R	1,200					
19	Brown, A	1,000					
19	Trelwyn N	1,500					
20	Philpott L	800					
20	French H	1,200					
21	Smith A	2,500					
			17,100				17,100

THE BRITISH TIMBER SYNDICATE LTD

Companies Act 1929)

NTS BOOK (PREFERENCE SHARES)

of ex at 1	Dis cive Numbers		S L Fo	Amount Due on App a on a d A otme i		Balance Due on Allotment	Amount Pd on Allotment		Cash Settled	No of Sh e Cert Issue	R n
	From	To									
00	1	1000		1000		1000	1000				
00	1001	1000		1000		1000	1000				
00	1001	2000		1000		1000	1000				
00	2001	3000		1000		1000	1000				
00	3001	4000		1000		1000	1000				
00	4001	5000		1000		1000	1000				
00	5001	6000		1000		1000	1000				
00	6001	7000		1000		1000	1000				
00	7001	8000		1000		1000	1000				
00	8001	9000		1000		1000	1000				
00				10000		10000	10000				

BOOK (PREFERENCE SHARES)

Date	Receipts	For	Amount	Date	Paidments	For	Amount
1923	To Balance b/f		17100	1923	By Balance b/f		17100
	Alotment 1A c—		1000		General Cash Book		10000
	Smith F		600				
	Finch Thor E		1000				
	Strong P		600				
	Carter G M		1000				
	Turley R		1000				
	Brown A		200				
	Telwyn N		600				
	Philpott L		1200				
	Frederick H		2250				
	Smith A						
			10000				10000

Number of }
Certificate }

THE COMPANIES ACT 1909
RETURN OF ALLOTMENTS
OF THE
BRITISH TIMBER SYNDICATE, LTD

A Company's
Fee Stamp of
5s
must be
impressed here.

made 23rd day of February, 19 .

Number of the PREFERENCE Shares allotted payable in Cash	10 000
Nominal Amount of the PREFERENCE Shares so allotted	£100 000
Amount paid or due and payable on each such PREFERENCE Share	£10
Number of Shares allotted for a consideration other than Cash	10,000
Nominal Amount of the Shares so allotted	£100 000
Amount to be treated as paid on each such Share	£10

The Consideration for which such Shares have been allotted is as follows—

Part Payment of the purchase price to acquire the business of Messrs Poole & Co (vendors)

**NAMES ADDRESSES AND DESCRIPTIONS OF THE ALLOTTEES
IN THE BRITISH TIMBER SYNDICATE LIMITED**

SURNAME	CHRISTIAN NAME(S)	ADDRESS	Description	Number of Shares Allotted		
				Preference	Ordinary	Deferred
Smith	Ired	12 Brooke Street, Llandrist	Surveyor	1 000		
Finch	Thomas F	64 Fleet Street, London E.C.	Journalist	500		
Strong	Philip	17 Thurstable Road, Buxton	Architect	1 000		
Carter	Grace M	7 Boulkers Lane, Cleethorpes	Spinner	500		
Turner	Reginald	6 Longworth Road, Thurston	Merchant	1 000		
Brown	Arthur	95 St. Peter's Road, Somerset	Broker	1 000		
Irelwyn	Norman	110 Lime Street, Liverpool	Mason	1 500		
Phillipott	Leslie	14 Larneway Avenue, Buxton	Butcher	500		
French	Harold	106 Corncliffe Lane, Leicester	Designer	1 000		
Smith	Alfred	2 Grange Mansions, Pudworth	Banker	000		
Foote & Co (vendors)					10 000	
				10 000	10 000	

CALL BOOK

First Call of £3 per Share made

S L Folio	NAME	ADDRESS.	No of Shares Held
	Smith, F .	12 Brooke Street, Lyndhurst .	1,000
	Finch, Thos E	64 Fleet Street, London, E C .	500
	Strong, P	17 Thornville Road, Buxton .	1 000
	Carter, G M	2 Boulders Lane, Cleethorpes .	500
	Turner, R	56 Longworth Road, Thurston .	1 000
	Brown, A	95 St Peter's Road, Somerset .	1,000
	Trelwyn, N	110 Lime Street, Liverpool .	1,500
	Philpott L	14 Larneway Avenue, Buxton .	500
	French H	106 Corncrake Lane, Leicester .	1 000
	Smith, A	2 Grange Mansions, Pudworth .	2 000
			10 000

CALL BOOK

Second Call of £2 per Share made

S L Folio	NAME	ADDRESS	No of Shares Held
	Smith, F .	12 Brooke Street Lyndhurst .	1 000
	Finch, T E	64 Fleet Street London, E C .	500
	Strong P	17 Thornville Road, Buxton .	1 000
	Carter G M	2 Boulders Lane, Cleethorpes	500
	Turner, R	56 Longworth Road, Thurston	1 000
	Brown A	95 St Peter's Road, Somerset .	1 000
	Trelwyn N	110 Lime Street, Liverpool .	1 500
	Philpott L	14 Larneway Avenue, Buxton .	500
	French, H	106 Corncrake Lane, Leicester .	1 000
	Smith, A . .	2 Grange Mansions, Pudworth	2 000
			10 000

(PREFERENCE SHARES)

April 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance	Remarks
						Amount	Days	Interest		
£	s	d	£	s	d					
3 000	-		3 000	-						
1 500	-		1 500	-						
3 000	-		3 000	-						
1 500	-		1 500	-						
3 000	-		3 0 0	-						
3 000	-		3 000	-						
4 500	-		4 500	-						
1 500	-		1 500	-						
3 000	-		3 000	-						
6 000	-		6 000	-						
30 000	-		30 000	-						

(PREFERENCE SHARES)

June 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance	Remarks
						Amount	Days	Interest		
£	s	d	£	s	d					
2 000	-		2 000	-						
1 000	-		1 000	-						
2 000	-		2 000	-						
1 000	-		1 000	-						
2 000	-		2 000	-						
2 000	-		2 000	-						
3 000	-		3 000	-						
1 000	-		1 000	-						
2 000	-		2 000	-						
4 000	-		4 000	-						
20 000	-		20 000	-						

(Final Call of £2 per Share made

S L Folio	NAME.	ADDRESS.	No of Shares Held
	Smith, F	12 Brooke Street, Lyndhurst	1 000
	Finch T E	64 Fleet Street, London, E C.	500
	Strong P	17 Thornville Road, Buxton	1 000
	Carter G M	2 Boulders Lane Cleethorpes	500
	Turner R	56 Longworth Road, Thurston	1 000
	Brown, A	95 St Peter's Road, Somerset	1,000
	Trelwyn N	110 Lime Street, Liverpool	1,500
	Philpott L	14 Larnoway Avenue, Buxton	500
	French H	106 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

Dr

SHAREHOLDERS CASH

S L Folio	RECEIPTS	1st Call April 1st	2nd Call June 1st	Final Call Aug 1st	Total
	To Smith F	£ 3 000	£ 2 000	£ 2 000	£ 7 000
	Finch T L	1 500	1 000	1 000	3 500
	Strong P	3 000	2 000	2 000	7 000
	Carter G M	1 500	1 000	1 000	3 500
	Turner R	3 000	2 000	2 000	7 000
	Brown A	3 000	2 000	1 000	6 000
	Trelwyn N	4 500	3 000	3 000	10 500
	Philpott L	1 500	1 000	1 000	3 500
	French, H	3 000	2 000	2 000	7 000
	Smith, A	6 000	4 000	4 000	14 000
		£ 30 000	20 000	19 000	69 000
Aug 10	To Brown A (arrars in- cluding int.)				1,004 2 2

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1 2 3 4 5	19 Mar 10 22 May 24 June 23 Sept 19		} Poole & Co (vendors)				{ Laurel F Tordun, P Charlton L Dalton C Seames, R

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1 2 3 4 5	19 Mar 25 Apr 20 May 16 July 16 Aug 20		Smith, F Philpott L Smith A Trelwyn, N Strong P	12 Brooke Street, Lyndhurst 14 Larneway Avenue Buxton 2 Grange Mansions, Pudworth 110 Lime Street Liverpool 17 Thornville Road, Buxton	Surveyor Butcher Banker Mason Architect		Finch T E French M Finch T Turner, R French M

FFRS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED				No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up		
			From	To			
16 Penzance Road Falmouth	Mason	1 000	10 001	11 000	£ 10 000	s -	
27 Elgin Avenue Somerset	Grocer	1 000	11 001	12 000	10 000	-	
3 Lothbury Mansions Poole	Banker	1 000	12 001	13 000	10 000	-	
64 Roseberry Avenue Paignton	Builder	500	13 001	13 500	5 000	-	
17 Lionel Gardens Bromley	Gentleman	500	13 501	14 000	5 000	-	

PERS (PREFERENCE SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up			
			From	To				
64 Fleet Street London E.C	Journalist	100	1	100	£ 1 000	s	d	
106 Corncrake Lane Leicester	Designer	500	6 501	7 000	5 000	-	-	
64 Fleet Street London E.C	Journalist	1 000	8 001	9 000	10 000	-	-	
35 Longworth Road Thurston	Merchant	500	9 001	9 500	5 000	-	-	
106 Corncrake Lane Leicester	Designer	500	1 501	2 000	5 000	-	-	

REGISTER OF MEMBERS AND

Name *Poole & Co (Vendors)* Occupation
Address

Dr **CASH ACCOUNT** *Cr*

Date	Particulars	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up
19 Feb 23	To Share Capital		£ 100 000 s d		19	Issued as fully paid		£ 100 000 s d

Name *Laurel, Francis* Occupation *Mason*
Address *16 Penzance Road, Falmouth*

Name *Tomlin, Bert* Occupation *Grocer*
Address *27 Elgin Avenue Somerset*

Name *Charlton, Leslie* Occupation *Banker*
Address *3 Lothbury Mansions Poole*

Name *Dalton Charles* Occupation *Builder*
Address *64 Roseberry Avenue, Paignton*

Name *Sornes Robert* Occupation *Gentleman*
Address *17 Lionel Gardens Bromley*

SHARE LEDGER (ORDINARY SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Am Pa
			From	To					From	To			
19 Feb 23		10 000	10 001	10 000		19					£ s d	10 000	100 0
						Mar 10		1 000	10 001	11 000	10 000	9 000	90 0
						22		1 000	11 001	12 000	10 000	8 000	80 0
						May 24		1 000	12 001	13 000	10 000	7 000	70 0
						June 23		500	13 001	13 500	5 000	6 500	65 0
						Sept 19		500	13 501	14 000	5 000	6 000	60 0

Date entered as a Member

March 10th 19

Date ceased as a Member

19 Mar 10		1 000	10 001	11 000	10 000	£ s d						1 000	10 0
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Date entered as a Member

March 22nd 19

Date ceased as a Member

19 Mar 22		1 000	11 001	12 000	10 000	£ s d						1 000	10 0
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Date entered as a Member

May 24th 19

Date ceased as a Member

19 May 24		1 000	12 001	13 000								1 000	10 0
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Date entered as a Member

June 23rd 19

Date ceased as a Member

19 June 23		500	13 001	13 500	5 000	£ s d						500	5 0
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Date entered as a Member

September 19th 19

Date ceased as a Member

19 Sept 19		500	13 501	14 000	5 000	£ s d						500	5 0
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REGISTER OF MEMBERS

Name *Smith, Fred* . Occupation *Surveyor*
 Address . *12 Brooke Street, Lyndhurst*

Dr. **CASH ACCOUNT***Cr.*

Date	Particulars	£	s	d	Total Amount Called up	Date	Particulars	£	s	d	Total Amount Paid up
19 Feb 23	To Application and Allotment	3	-	-	3 000	19 Feb 16	By Cash . .	1,500	-	-	-
					3 000	" 23	" Cash . .	1 500	-	-	-
								3 000	-	-	-
Apr 1	To First Call	3	-	-	3 000	Apr 1	By Cash . .	3 000	-	-	-
June 1	" Second Call	2	-	-	2 000	June 1	" Cash . .	2 000	-	-	-
Aug 1	" Final Call	2	-	-	2 000	Aug 1	" Cash	2,000	-	-	-

Name *Fitch, Thomas E* . Occupation *Journalist*
 Address *64 Fleet Street, London, E.C*

19 Feb 23	To Application and Allotment	3	-	-	1 400	19 Feb 17	By Cash . . .	900	-	-	-
					1 500	" 23	" Cash . . .	600	-	-	-
								1 500	-	-	-
Apr 1	To First Call . .	3	-	-	1 500	Apr 1	By Cash . .	1 500	-	-	-
June 1	" Second Call	2	-	-	1,000	June 1	" Cash . .	1,000	-	-	-
Aug 1	" Final Call	2	-	-	1 000	Aug 1	" Cash	1 000	-	-	-

Name *Strong Philip* . Occupation *Architect*
 Address *17 Thornville Road, Buxton*

19 Feb 23	To Application and Allotment	3	-	-	3,000	19 Feb 18	By Cash . .	1,500	-	-	-
					3 000	" 23	" Cash . .	1,500	-	-	-
								3 000	-	-	-
Apr 1	To First Call . .	3	-	-	3,000	Apr 1	By Cash . .	3,000	-	-	-
June 1	" Second Call . .	2	-	-	2 000	June 1	" Cash . .	2,000	-	-	-
Aug 1	" Final Call	2	-	-	2 000	Aug 1	" Cash	2,000	-	-	-

AND SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE	
Date	To	No of Shares	Dispositive Numbers		Amount Paid up	Date	To	Dispositive Numbers	Amount Paid up	No of Shares	Amount Paid up
			From	To				From	To		
19 Feb 23		1 000	1	1 000						1 000	£ 3 000
										1 000	6 000
										1 000	8 000
										1 000	10 000
						19 Mar 25	100	1	100	1 000	9 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		400	1 001	1 400	£ 1 400					500	£ 1 500
Mar 25		100	1	100	1 000					500	3 000
May 16		1 000	8 001	9 000	10 000					500	4 000
										500	5 000
										600	6 000
										1 600	16 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		1 401	2 500							£ 5 000	£ 3 000
										1 000	6 000
										1 000	8 000
										1 000	11 000
						19 Aug 20	500	1 501	2 000	5 000	5 000

REGISTER OF MEMBERS AND

Name, ... *Carter, Grace M* ... Occupation ... *Spinster*Address, ... *2 Boulders Lane, Cleethorpes* ...

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	Total Amount Called up	Date	Particulars	£	s	d	Total Amount Paid up
19 Feb 23	To Application and Allotment	£	s	d	£ s d	19 Feb 23	By Cash	£	s	d	£ s d
		3	-	-	1,500		" Cash	600	-	-	600
					1,500			1,500	-	-	
Apr 1	To First Call	3	-	-	1,500	Apr 1	By Cash	1,500	-	-	
June 1	" Second Call	2	-	-	1,000	June 1	" Cash	1,000	-	-	
Aug 1	" Final Call	2	-	-	1,000	Aug 1	Cash	1,000	-	-	

Name *Turner, Reginald*

Occupation

*Merchant*Address *56 Longworth Road, Thurston*

19 Feb 23	To Application and Allotment	£	s	d	£ s d	19 Feb 23	By Cash	£	s	d	£ s d
		3	-	-	3,000		" Cash	1,800	-	-	1,800
					3,000			1,200	-	-	
					3,000			3,000	-	-	
Apr 1	To First Call	3	-	-	3,000	Apr 1	By Cash	3,000	-	-	
June 1	" Second Call	2	-	-	2,000	June 1	" Cash	2,000	-	-	
Aug 1	" Final Call	2	-	-	2,000	Aug 1	Cash	2,000	-	-	

Name *Brown, Arthur*

Occupation

*Broker*Address *95 St Peter's Road Somerset*

19 Feb 23	To Application and Allotment	£	s	d	£ s d	19 Feb 23	By Cash	£	s	d	£ s d
		3	-	-	3,000		" Cash	1,500	-	-	1,500
					1,000			1,500	-	-	
					3,000			3,000	-	-	
Apr 1	To First Call	3	-	-	3,000	Apr 1	By Cash	3,000	-	-	
June 1	" Second Call	2	-	-	2,000	June 1	" Cash	2,000	-	-	
Aug 1	" Final Call	2	-	-	2,000	Aug 1	" Cash	1,000	-	-	1,000
	" Interest				4 2 2	" 10	" Cash (incl Int.)	1,004	2	2	
					2,004 2 2			2,004	2	2	

Date ceased as a Member

Date ceased as a Member

Date ceased as a Member[illegible]

REGISTER OF MEMBERS AND

Name . *Trelwyn, Norman* Occupation . . *Mason* . .

Address *110 Lime Street, Liverpool*

Dr. CASH ACCOUNT *Cr*

Date	Particulars.	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars.	Fo	Total Amount Paid up
19 Feb 23	To Application and Allotment		£ 3 - -	£ 4,500 - -	19 Feb 23	By Cash . .		£ 2,250 - -
				£ 4,500 - -	" 23	" Cash . .		£ 2,250 - -
				£ 4,500 - -				£ 4,500 - -
Apr. 1	To First Call .		3 - -	£ 4,500 - -	Apr. 1	By Cash . . .		£ 4,500 - -
June 1	" Second Call		2 - -	£ 3 000 - -	June 1	" Cash . .		£ 3 000 - -
Aug 1	" Final Call .		2 - -	£ 3 000 - -	Aug 1	" Cash . .		£ 3 000 - -

Name *Philpott, Leslie* Occupation . . *Butcher* . .

Address *14 Larneway Avenue, Buxton*

19 Feb 23	To Application and Allotment		£ 3 - -	£ 1,500 - -	19 Feb 23	By Cash . .		£ 900 - -
				£ 1,500 - -	" 23	" Cash . .		£ 600 - -
				£ 1,500 - -				£ 1,500 - -
Apr. 1	To First Call .		3 - -	£ 1,500 - -	Apr. 1	By Cash . . .		£ 1,500 - -
June 1	" Second Call		2 - -	£ 1 000 - -	June 1	" Cash . .		£ 1 000 - -
Aug 1	" Final Call		2 - -	£ 1,000 - -	Aug 1	" Cash . .		£ 1 000 - -

Name *French, Harold* Occupation . . *Designer*

Address . . *106 Corncliffe Lane, Leicester*

19 Feb. 23	To Application and Allotment		£ 3 - -	£ 3 000 - -	19 Feb. 23	By Cash . .		£ 1 800 - -
				£ 3 000 - -	" 23	" Cash . .		£ 1,200 - -
				£ 3 000 - -				£ 3 000 - -
Apr. 1	To First Call .		3 - -	£ 3 000 - -	Apr. 1	By Cash . . .		£ 3 000 - -
June 1	" Second Call .		2 - -	£ 2 000 - -	June 1	" Cash . .		£ 2 000 - -
Aug 1	" Final Call		2 - -	£ 2 000 - -	Aug 1	" Cash . .		£ 2 000 - -

REGISTER OF MEMBERS AND

Name *Smith, Alfred* . Occupation *Banker*
 Address *2 Grange Mansions, Putworth*

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	Total Amount Called up	Date	Particulars	£	s	d	Total Amount Paid up
19 Feb 23	To Application and Allotment	3	-	-	6 000	19 Feb 23	By Cash . .	3 750	-	-	
					£6 000		" Cash . .	2 250	-	-	
								£6 000	-	-	
Apr 1	To First Call .	3	-	-	£6 000	Apr 1	By Cash . .	£6 000	-	-	
June 1	" Second Call	2	-	-	£4 000	June 1	" Cash . .	£4 000	-	-	
Aug 1	Final Call	2	-	-	£4 000	Aug 1	Cash	£4 000	-	-	

 NAMES ETC OF THE DIRECTORS OF
 on the fourteenth

The present Christian Name or Names and Surname	Any former Christian Name or Names or Surname
Smith, Alfred, <i>Managing Director</i> .	
Trelwyn, Norman	
Strong Philip	
Soames, Robert, <i>Chairman of Directors</i> .	
Smith, Fred	

SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member *February 23rd 19*

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Feb '03		2000	8001	10000							£ 2000	2000	£ 6000
											2000	2000	12000
											000	2000	18000
											2000	2000	20000
						19 May 16		1000	8001	9000	10000	1000	10000

THE BRITISH TIMBER SYNDICATE LIMITED

day of March 19

Nationality	Nationality of Origin (if other than the present Nationality)	Usual Residence	Other business occupations, if any (including Directorships in other Companies) (If none state so)
British		2 Grange Mansions Pudworth	Banker
British		110 Lime Street Liverpool	Mason
British		17 Thornville Road Buxton	Architect
British		17 Lionel Gardens Bromley	Gentleman
British		12 Brooke Street Lyndhurst	Surveyor

ANNUAL RETURN

OF THE

BRITISH TIMBER SYNDICATE LTD

made up to the 24th day of March, 19..

A Company's Registration Fee Stamp of 5s. must be impressed here

(Being the Fourteenth Day after the date of
 the First Ordinary General Meeting in 19.)

The Address of the Registered Office of the Company is as follows—

Nominal Capital £200 000 divided into	
10,000 ORDINARY Shares of £10 each	
10,000 PREFERENCE Shares of £10 each	
Total Number of Shares taken up to the 24th day of March, 19..	{ 10 000 ORD 10 000 PREF
(Which number must agree with the TOTAL shown in the List as held by existing Members)	
Number of Shares issued subject to payment wholly in Cash	10 000
Number of Shares issued as fully paid up otherwise than in Cash	10 000
Number of Shares issued as partly paid up to the extent of per Share otherwise than in Cash	nil
There has been called up on each of 10 000 PREF ERENCE Shares	£10
Total Amount of Calls received including Payments on Application and Allotment	£100,000
Total Amount (if any) agreed to be considered as paid on 10,000 ORDINARY Shares which have been issued as fully paid up otherwise than in Cash	£100 000

NOTE — The above Form is complete for the purpose of this Exercise. The actual Form is as illustrated on page 584 of *Advanced Accounts*

(FOR NAMES, ETC., OF DIRECTORS see previous pages)

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES			£	s	d	£	s	d
<i>Nominal and Issued Capital—</i>								
10 000 Ordinary Shares of £10 each (fully paid)			100 000		—			
10 000 6% Cumulative Preference Shares of £10 each (fully paid)			100 000		—	200 000		—
Sundry Creditors						6 000		—
<i>Profit and Loss Account—</i>								
Balance at credit . . .						8 000		—
						<u>£214 000</u>		—
PROPERTY AND ASSETS						£	s	d
Freehold Land and Buildings (at cost less Depreciation)						80 000		—
Fixed Plant and Machinery (at cost less Depreciation)						60 000		—
Movable Plant and Loose Tools (at valuation made by Company's Manager)						10 000		—
Goodwill						15 000		—
Stock of Timber						12 000		—
Sundry Debtors						18 000		—
Cash in hand and at Bank						19 000		—
						<u>£214 000</u>		—

(Signed)

Auditors to the Company.

(For List of Persons etc see following pages)

LIST of Persons holding Shares in THE BRITISH TIMBER SYNDICATE, LIMITED time since the date of the last Return, or (in the case of the First Return) of the of the Shares so held

Folio in Register Ledger containing Particulars	NAMES, ADDRESSES, AND OCCUPATIONS			
	SURNAME	CHRISTIAN NAME(S)	ADDRESS	OCCUPATION
OSL	Poole & Co			
	Laurel	Francis	16 Pentance Road Falmouth	Marine
	Tomlin	Bert	27 Elgno Avenue, Somerset	Grocer
	Charlton	Leslie	3 Lothbury Mansions Poole	Banker
	Dalton	Charles	64 Roseberry Avenue, Paignton	Builder
PSL	Soames	Robert	17 Lionel Gardens, Bromley	Gentleman
	Smith	Fred	12 Brooke Street Lyndhurst	Surveyor
	Finch	Thomas E	64 Fleet Street, London, E.C.	Journalist
	Strong	Philip	17 Thorncroft Road, Buxton	Architect
	Carter	Grace M.	2 Boulders Lane Cleethorpes	Spinster
	Turner	Reginald	56 Longworth Road Thurston	Merchant
	Brown	Arthur	9 St. Peter's Road, Somerset	Broker
	Trelwye	Norman	110 Lane Street Liverpool	Mason
	Philpott	Leslie	14 Larneway Avenue Buxton	Butcher
	French	Harold	106 Corncrake Lane Leicester	Designer
	Smith	Alfred	2 Grange Mansions, Pudworth	Banker

on the 24th day of March 19 and of Persons who have held Shares therein at any incorporation of the Company showing their Names and Addresses and an Account

ACCOUNT OF SHARES												REMARKS	
Number of Shares held by existing Members at Date of Return		Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who are still Members					Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who have ceased to be Members						
		NUMBER		DATE OF REGISTRATION OF TRANSFER			NUMBER		DATE OF REGISTRATION OF TRANSFER				
		Ord	Pref	Day	Mth	Year	Ord	Pref	Day	Mth	Year		
6 000		1 000		10	Mar	19							Laurel T
		1 000		22		19							Tomlin B
		1 000		24	May	19							Charlton L
		500		23	June	19							Dalton C
		500		19	Sept	19							Scames R
1 000													
1 000													
1 000													
500													
500													
	900		100	25	Mar	19							Finch T E
1 800													
	300		300	20	Aug	19							French H
	500												
1 500													
1 000													
1 000		500		16	July	19							Turner R
		500		20	April	19							French H
2 000													
1 000		1 000		16	May	19							Finch T E
10 000	10 000												

(Signature)

Fred Smith

Secretary

EXERCISE XXIV—No. 1,

See *Advanced Accounts*, page 1065.

EXERCISE XXIV—No. 2

CONSERVATIVE BANK, LTD.

BALANCE SHEET ON 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£		s		£		s	
Capital Subsd & Paid-up Reserve Fund	1,500,000	-	-					
Customers' Current and Deposit Accounts	1,200 000	-	-					
Acceptances on behalf of Customers	17,580 000	-	-					
Rebate on Bills not due, earned to next account	1,725,420	-	-					
Profit and Loss Account available for distribution	24 300	-	-					
	110,680	-	-					

EXERCISE XXIV—No. 3

See *Advanced Accounts* pages 1057 (under *Notes on the Books*) to 1060 also page 1067 (under *GENERAL CASH BOOK AND LEDGER*)

EXERCISE XXIV—No. 4

The Coin, Notes, and Cheques would, first of all, be recorded in the Receiving Cashier's Counter Cash Book as having been received from John Smith. The paying-in slip would then be passed to a ledger clerk, who would post to the credit of John Smith's Current Account. A second clerk would enter up the customer's Pass Book (*credit side*) from the Paying-in Slip. Particulars of coin cheques and notes are entered into a 'Received Waste Book' under appropriate headings, the object being to facilitate the clearing of cheques which is effected later.

pages 1057 (under *Notes on the Books*) to 1060 also page 1067 (under *GENERAL CASH BOOK AND*

EXERCISE XXIV--Nos 5 and 6

See *Adjusted A c c o u n t s* page 107, under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV No 7 CURRENT ACCOUNT LLDGLR

Robert Collins
17 Lupus Avenue Leighton

Date	Details	Tot	Amount	Amount	Nature of Bal	Balance	INTEREST			
							Dr	Cr	Days	Pro ducts
19 Dec 31	By Balance		£ 1144	£ 1144	Cr	£ 1144			5	£ 5720
19 Jan 7	To Cheque		115			1029			29	29 811
3 Feb 14	To Cheque		20			1009			11	11 099
14 Feb 14	By Cash			240		1249			17	21 231
3 Mar 3	To Cheque		75			1174			31	36 394
3 Apr 5	By Cash			64		1238			1	2 476
5 Apr 16	To Cheque		24			1214			11	13 354
16 Apr 16	To Cheque		41			1173			13	17 595
1 May 1	By Cash			76		1249			11	13 739
12 May 17	To Cheque		20			1228			3	6 145
17 May 23	To Cheque		54			1174			8	7 044
23 May 23	By Cash			190		1364			10	13 640
2 June 13	To Cheque		74			1290			13	11 770
13 June 30	To Cheque		40			1250			15	18 750
30 June 30	Interest amounts of To Balance c/d			11 14 7		1261				
	* 3% on Turnover		1 726			1360				£ 213 800
				2 1						2%
										£ 11 14 7

EXERCISE XXIV—No 8,

CURRENT ACCOUNT LEDGER

Frederick Stevens,
27 Montgomerie Mansions, Leambridge

Date	Details	Tot	Amount		Nature of Bal	Balance	INTEREST			
			Dr	Cr			Days	Pro-ducts	Rate	Amount.
19..										
Dec 31	To Balance .	.	£ 554 5 6		Dr	£ 554 5 6	17	£ 9418	4%	£
19..	To Cheque .	.	20 -		"		9	5,163		1 11 11
Jan 17	By Cash .	.		137 1 2	"	574 5 6	17	7 429	4½%	
Feb 12	To Cheque .	.	74 5 6		"	511 9 10	7	3 577		
19	By Cash .	.		130 5 6	"	381 4 4	12	4 572		
Mar 3	To Cheque .	.	100 -		"	481 4 4	26	12,506		
29	By Cash .	.		116 4 2	"	365 -	4	1,460	5%	3 0 2
Apr 2	To Cheque .	.	40 -		"	405 -	21	8 505		
23	" Cheque .	.	35 - 6		"	440 -	3	1 320		
26	By Cash .	.	54 12 2		"	494 12 10	5	2 475		
May 1	To Cheque .	.	26 4 2	98 5 2	"	396 7 8	51	20 196	5½%	4 13 -
June 21	By Cash .	.			"	422 11 10	6	2 538		
27	To Cheque .	.	160 4 8		"	582 16 6	3	1,749		12 11
" 30	Interest (inc ½% on Turnover)	.	* 11 12 6		"					
" 30	By Balance c/d .	.		594 9 -	"	594 9		* Interest on Turnover = £1/5/6		£10 7 -
			£1 076 5 -	£1 076 5 -						

CURRENT ACCOUNT LEDGER

R Craven

Date	Details	Tot	Amount		Nature of Bal	Balance	INTEREST			
			Dr	Cr			Days	Pro ducts	R ate	Amount
19 Jan 1	By Cash		£	1 000	Cr	£ 1 000	19	19 000	2 %	£ s d
20 Jan 20	Cash			500	-	1 500	31	46 500		
20 Feb	To Cheque		1 200		-	300	28	8 400		
20 Mar	By Cash			600	-	900	11	27 900		
20 Apr 20	To Cheque		1 000		Dr	100	30	3 000	5 %	5 11 7 Cr
20 May	By Cash			700	Cr	600	31	18 600	2 %	4 3 Dr
20 June	To Cheque		500			100	10	1 000		1 1 5 Cr
30 June	Interest			8 3						
30 "	Balance c/d		106 4 9							
			£2 806 13	£2 806 13		£106 4 9	Cr			

CURRENT ACCOUNT LEDGER

J B

Date	Details	Tot	Amount Dr	Amount Cr	Nature of Bal	Balance	INTEREST			
							Days	Products Dr Cr	Rate	Amount
19 Apr 1	By Balance					£ 250	17	£ 4 250		£ s d
17	Cash				Cr	1 100	24	5 400		
May 11	To Cheque		400			700	9	6 300		
20	By Cash			170		870	15	13 050		
June 4	To Cheque		1 070		Dr	200	9	1 800		
13	By Cash			200		500	6	7 000		
19	To Cheque		500			150	14	4 050		
July 3	By Cash		400		Cr	250	27	9 000		
30	To Cheque				Dr		32			
Aug 31	By Interest			12 11					5%	2 6 Dr
' 31	Balance c/d			7 1					2%	2 18 11 Cr
			£ 2 370	£ 2 370	Dr	249 7 1		16 800		12 11 Cr

EXERCISE XXIV—No. 12.

The positions of the following items in the Balance Sheet are as stated below—

(1) *Current Accounts* are the running accounts of business men with the bank, and appear on the **LIABILITIES** side of the Balance Sheet

(2) *Investments* are sums invested in Government, municipal or other gilt-edged securities and appear on the **ASSETS** side of the Balance Sheet

(3) *Rebate on Bills not due* is the unexpired portion of Discount on Bills discounted and appears on the **LIABILITIES** side of the Balance Sheet

(4) *Short Loans* are sums advanced to bill brokers secured by the deposit of bills, etc., and appear on the **ASSETS** side of the Balance Sheet
See also *Advanced Accounts* page 1075

EXERCISE XXIV—No. 13

See answer to Exercise XXIV—No. 4 (page 904).

EXERCISE XXIV—No. 14

TRIAL BALANCE

	Dr			Cr		
	£	s	d	£	s	d.
Current and Deposit Accounts				7,731 450	-	-
Acceptances on behalf of Customers	1 200 000			1,200 000	-	-
Capital Subscribed 50 000 Shares				1,250,000	-	-
Reserve Fund				600 000	-	-
Profit and Loss Account				15,300	-	-
Interest accrued and paid	25 500					
Current Expenses Salaries, etc	71 250					
Amount added to Staff Retirement Fund	3 000					
Premises Account amount written off	22 500					
Gross Profit for year				244 500	-	-
Cash in hand and at Bank of England	1 584 750					
Money at Call and Short Notice	274 250					
Consols (Reserve Fund)	600 000					
Consols and Securities	825,000					
Colonial and Railway Stocks	637 500					
English Corporation Stocks	235 500					
Bills, discounted	379,500					
Loans and Advances	4,665 000					
Bank Premises Furniture, etc	337,500					
Freehold and Leasehold Properties	180 000					
	£11 041,250	-	-	£11 041 250	-	-

EXERCISE XX V—No 14 (cr. *ld*)

THE CAMBRIDGE BANKING CO. LTD

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d
To Interest Paid to Customers	25 500			By Gross Profit	244 500	-
Salaries Rent etc	71 250					
Amount carried to Staff Retirement Fund	3 000					
Amount written off Premiums Account	22 500					
Profit	122 250					
	£244 500				£244 500	-

EXERCISE XXIV—No 14 cont'd

THE CAMFRWELL BANKING CO LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		ASSETS	
<i>Capital Subscribed—</i>			
Paid up Capital	£ 2,000,000	Cash in hand and at Bank of England	£ 1,584,750
Reserve Fund (invested in Consols)		Money at Call and Short Notice	274,250
Current and Deposit A/c's		<i>Investments—</i>	
Acceptances on account of Customers as per <i>contra</i>		Consols (Reserve Fund)	825 000
<i>Profit and Loss Account—</i>		Consols and Other Sec	637,500
Balance 1st Jan. 19	15,300	Colonial & Rly Stocks	235 500
Add Profit for year	122,250	English Corp'n Stocks	
		Bills Discounted	379,500
		Loans and Advances	4 665 000
		Liabilities of Customers for acceptances as per <i>contra</i>	
		Bank Premises, Furniture etc	1 200 000
		Freehold and Leasehold Properties	337,500
			180,000
			£ 10,919,000

EXERCISE XXIV--No 15

(1) Cash (2) Branches (3) Current Accounts—Towns The purpose served by raising the accounts mentioned is to have in summarized form a daily survey of the bank's business. The sources of information are the relative subsidiary Book and Ledgers. See also *Adriane! Accounts*, page 1067 (onwards)

EXERCISE XXIV—No. 16

See *Advanced Accounts*, page 1075 (under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV—No 17

THE WEYSIDE CO LTD

JOURNAL

		£	s	d	£	s	d
19 Jan	Application A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
"	Application A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
"	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
Jan	Richard Blank (Vendor) To Ordinary Share Capital For issue of balance of ordinary shares to vendor in part pay- ment of purchase price of busi- ness	48 000	-	-	48 000	-	-
"	Allotment A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
Jan 15	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	First Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Feb 15	Second Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	Second Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Mar	Ordinary Share Capital To Forfeited Shares A/c Allotment A/c First Call A/c Second Call A/c Being 500 shares of £1 each 15/ called forfeited by J Smith as per Resolution No	375	-	-	62 62 125 125	10 10 - -	- - - -
		£167 375	-	-	£162 375	-	-

THE WEYSIDE CO LTD

BALANCE SHEET AS AT 28TH FEBRUARY 19 .

CAPITAL AND LIABILITIES <i>Nominal Capital—</i>	£	s	d	£	s	d	£	s	d	£	s	d
100 000 6% Preference Shares of £1 each	100 000	—	—									
100 000 Ordinary Shares of £1 each	100 000	—	—									
	£200 000	—	—								48 000	—
<i>Issued Capital—</i>											113 687	10
100 000 6% Preference Shares of £1 each 15/- paid				75 000	—	—						
100 000 Ordinary Shares of £1 each—												
48 000 fully paid	48 000	—	—									
52 000 15/- per share } called up }	39 000	—	—									
	100 000	—	—									
	87 000	—	—									
375				86 625	62	10						
Less 500 Shares forfeited												
Forfeited Shares Account				£161 687	10	—					£161 687	10
												—

EXERCISE XXV No 1

STATEMENT SHOWING ESTATE DUTY AND
INTEREST PAYABLE

	Duty and Interest Payable on Original Affidavit			Additions on Corrective Affidavit			Aggregation		
	£	s	d	£	s	d	£	s	d
Realty	2 000			6 700			2 700		
Personalty	17 000			3 000			20 000		
	19 000								
Less Debts	£								
Funeral Expenses	150								
	60								
	210								
Duty at 8 per cent paid on	£18 790			£3 700			£22 700		
£18 790 at 8 per cent	1 503	4							
Add Interest on duty on net personalty of £18 790 = £1,343 4s at 3 per cent per annum from 1st October 1936 to 1st November 1936 (31 days)	3	8	5						
	1 506	12	5						
Duty on £3 700 at 9 per cent				333					
Add total Duty on £18 790 at 1 per cent				187	18				
				5 0	18				
Add Interest on duty of 1 per cent net personalty on original affidavit (£18 790) = £187 18s at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 days)				1	8	5			
Add Interest on duty of 9 per cent addtional net personalty on corrective affidavit (£3 000) = £270 at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 day				2	10				
	£1 506	12	5	£524	9	3	£2 031	1	8

EXERCISE XXV—No. 3

FREEHOLD HOUSE

Cr

Dr

1933		£		s		d	
Mar	—	To Estate Account		Value as sworn for Probate		3 000	
						—	

MORTGAGE ON HOUSE

Cr

Dr

1937		£		s		d		1940		£		s		d	
Mar	31	To Tax on £37 10s at 4s 6d		Bank		9 11 11		Mar		By Estate Account		37		10	
June	30	Tax on £37 10s at 5s		Bank		9 7 6		Mar		One quarter's interest accrued		37		10	
Sept	30	Tax on £37 10s at 5s		Bank		9 7 6		June		One quarter's interest accrued		37		10	
Dec	31	Tax on £37 10s at 5s		Bank		9 7 6		Sept		One quarter's interest accrued		37		10	
		Tax on £37 10s at 5s		Bank		9 7 6		Dec		One quarter's interest accrued		37		10	
						—									
						£150						£150			

EXERCISE XXV—No. 3 (cont'd.).

INCOME TAX ACCOUNT

Dt		Income Tax Account	Cr.
1937 Jan 1	To Bank Schedule A, tax on £140 at 4s 6d.	£ 30 s -	By Mortgage Account Mar 31 . June 30 . Sept 30 . Dec 31 . <u> </u>
			£ 8 18 1 9 7 6 9 7 6 9 7 6

RENT ACCOUNT

RENT ACCOUNT		Cr.	
Dr.			
	1937		
	Mar 31	By Bank	40
	June 30	" Bank	40
	Sept 30	" Bank	40
	Dec. 31	" Bank	40

BANK

BANK		1937		1937		Cr.	
		d	s	d	s	d	s
1937	To Quarter's Rent of House	40	-	Jan	-	By Schedule A, tax	39
Mar 31	Quarter's Rent of House	40	-	Mar 31	-	" Mortgage interest, net	5
June 30	" Quarter's Rent of House	40	-	June 30	-	" Mortgage interest, net	11
Sept. 30	" Quarter's Rent of House	40	-	Sept 30	-	" Mortgage interest, net	11
Dec 31	" Quarter's Rent of House	40	-	Dec 31	-	" Mortgage interest, net	2
						" Mortgage interest, net	8
						" Mortgage interest, net	2
						" Mortgage interest, net	6

EXERCISE XXV—No. 4

Interim dividend of 2% on £2,000 Stock

Less tax at 4s 9d on the £

Final dividend of 4% on £2,000 Stock

Less tax at 4s 9d on the £

£	s	d	£	s	d
40	0				
9	10				
80			30	10	
19					
			67		
			£91	10	
			2	17	6
			8b	12	6
			£91	10	
			22	17	6
			2	6	8
			£2	10	11
			2	10	10
			58	9	2
			£61		

This should be apportioned as follows—

Capital 3 months

Income 9 months

Of the above sum attributed to capital of
there has already been so attributed

leaving to be allocated to capital from the final dividend

Of the final dividend of £61 there should be allocated—
to Capital

to Income

EXERCISE XXV—No. 5.

47

CASH BOOK

5

[illegible]

EXERCISE XXV—No. 7.

		Legacy			Net Legacy			Legacy Duty Payable Out of Estate			Total		
		£	s	d	£	s	d	£	s	d	£	s	d
To Widow		10 000			10 000			100			10 100		
To Son		5 000			5 000			50			5 050		
To Sister		500											
Less Legacy Duty		2s											
		500			475						500		
To Gardener		100											
Less Legacy Duty		10			90						100		
		100			100			10			110		
To Executor													
		15 700			15 660			180			15 840		
Residue to charities		5 140											
Less Legacy Duty		514			4 626						5,140		
		5,140			4 626						5,140		
		20 840			20 286			180			21 000		
Legacy duty payable recoverable by deduction								549					
Total Legacy Duty payable								709					
					20 291			889			21 000		

EXERCISE XXV—No. 8

STATEMENT SHOWING EVENTUAL DIVISION OF THE ESTATE

		£	s	d
Balance of Estate		30 500		
Less Charge on Residuary Estate for Widow		1 000		
Personal Chattels for Widow		1 500		
		2 500		
		27 500		
One-half to be held upon trust for Widow for Life		13,750		
Remaining half upon Trust for Issue		13 750		
And Advance to Deceased Son brought into Hotchpot		7 500		
Advance to Surviving Son brought into Hotchpot		4 500		
		£25 750		

EXERCISE XXV—No 8 (contd.)

	Share in Above £25 750		Share in Capital in which Widow has a Life Interest		Total		Advances Brought Into Hotchpot		Balances	
	£	s d	£	s d	£	s d	£	s d	£	s d
Share of Surviving Son	6 437	10 -	3 437	10 -	9 875	-	4 500	-	5 375	-
Shares of Surviving Daughters—										
A	6 437	10 -	3 437	10 -	9 875	-			9 875	-
B	6 437	10 -	3 437	10 -	9 875	-			9 875	-
Shares of Surviving Grandchildren—										
C	2 145	16 8	1 145	15 8	3 291	13 4	2 500	-	791	13 4
D	2 145	16 8	1 145	15 8	3 291	13 4	2 500	-	791	13 4
E	2 145	16 8	1 145	15 8	3 291	13 4	2 500	-	791	13 4
									£27 500	-

EXERCISE XXV—No 10

VISITORS LFDGFR 17TH JANUARY 19

	Room 1			Room 2			Room 3			Total		
	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
<i>Dr</i>												
Brought forward	1	11	6				1	10	6	3	2	
Apartments		8	6		5						13	6
Breakfast		2	6		2	6		2	6		7	6
Lunch		4	6								4	6
Tea					1	6					1	6
Dinner or Supper		5	-		2						7	-
Wines Spirits Cigars etc		10	3		1	9					12	1
Baths					1						1	
Sundries		3	10		1				6		5	4
	£3	6	1		14	9	£1	13	6	£5	14	4
<i>Cr</i>												
Cash							1	13	6	1	13	6
Allowances												
Transfers												
Carried forward	3	6	1		14	9				4	-	10
	£3	6	1		14	9	£1	13	6	£5	14	4

EXERCISE XXV—No 11

<i>Dr</i>	SUSPENSE ACCOUNT			<i>Cr</i>			
To Difference in Trial Balance	£	s	d		£	s	d
J Jones	38	11	6	By Bank	3	11	6
R Foley	9			Salaries Account	10		
	1	4	6	S Minnett	35		
	£48	16			£48	16	

EXERCISE XXV—No 12.

Dr

CONSIGNMENT ACCOUNT

Cr

		Cases 100	£	s	d	19 May 31	By Insurance Claim— Goods lost in transit	Cases	£	s	d
19 Apr 15	To Goods Insurance		2 126	5	—			2	44	—	—
	Freight etc		35	10	—						
May 31	Landing Charges— 415 Rupees at 1s 4d		16	15	—	June 18	Sales— 34,000 Rupees at 1s 4d	80	2 268	13	4
	" Storage and Insurance— 80 Cases for one month = 80 Rupees at 1s 4d		21	—	—	July 31	" Stock	18	410	19	11
June 16	" Commission— 2½% on 34,000 Rupees = 850 Rupees at 1s 4d		5	6	8						
July 31	Reserve— Storage and Insurance— 18 Cases for two months = 36 Rupees at 1s 4d		56	13	4						
	Net Profit to Profit and Loss Account		2	8	—						
			387	15	3						
			12 721	13	3				£2 721	13	3
19 Aug 1	To Stock	18	410	19	11	19 Aug 15	By Reserve		2	8	—
	Storage and Insurance— 18 Cases for three months = 54 Rupees at 1s 4d		5	12	—		" Sales— 7,250 Rupees at 1s 4d	18	480	—	—
13	" Commission— 2½% on 7,250 Rupees = 180 Rupees at 1s 4d		12	—	—						
	Net Profit to Profit and Loss Account		53	16	1						
			1482	8	—				£482	8	—

* Net charge 18 at 1s 4d = £1 4s, i.e., £3 12s — £2 8s

EXERCISE XXV—No 12 (cont'd)

JONES & WARE

D_r

C_r

19 June 16	To Consignment Account— Sales	Rupees 34,000	2,260	13 4	19 May 31	By Land ing Charges— Storage and Insurance Commission Draft Balance	Rupees 315 85 850 90 000 2 755	21 5 50 2 01 183	8 4 4 12 13
July 16	Difference on Exchange		15	12 6	June 16 July 31		c/d		
		34 000	2 28	11				6 282	10
19 Aug 15	To Balance Consignment Account— Sales	b/d 4 75 7 200 9 95	185	13 4	19 Aug 15 16	By Storage and Insurance Commission Draft	54 180 9 721 8 985	3 12 849 1603	12 4 1 13

INSURANCE COMPANY

D_r

C_r

19 May 31	To Claim for Goods lost in transit	64	13 4	
--------------	------------------------------------	----	------	--

EXERCISE XXV—No 13

See *Advanced Accounts* Chap XVIII

EXERCISE XXV—No 14.

A-D SALES LEDGER ADJUSTMENT ACCOUNT

<i>Dr</i>		<i>Cr</i>	
19 Feb 28 Mar 31	19 Feb 28 Mar 31	19 Feb 28 Mar 31	19 Feb 28 Mar 31
To Debtors' Balances, brought down • Sales • Mrs Cunningham— <i>vs</i> Miss D Peters, transfer	<i>f</i> 2 459 1 7 3 869 10 5	<i>f</i> 47 5 108 7 3 2 891 2 2 93 1 8 250 — 8 14 8 6 21 15 — 2 630 12 —	By Creditors' Balances, brought down • Returns • Cash • Discounts • Bills Receivable • Bad Debts, written off • Transfer to Bought Ledger— <i>vs</i> Brown • Balance, carried down
	18 057 16 7	18 057 16 7	

EXERCISE XXV—No 14 (contd)

19 Mar 31		£		s		d	
		£	s	d	£	s	d
	To Balance brought down				6	30	1
	Debit Balances 28th February 1937	2	6	6			
	Less Credit Balances 28th February 1937	4	17	6			
					0	6	12
	Difference				£	10	

The difference might arise from—

- (a) The extraction of a balance being made at £10 below the actual amount
- (b) An addition on the debit side of a Personal Account having been made £10 too little the Account being balanced and the balance carried down £10 below the true amount

These are the most likely errors. The difference may also arise from—

- (c) The omission to post an item of £10 from the Sales Day Book or the posting of an item of £5 therein to the credit of the Personal Account or a blind entry on the credit side of a Personal Account of £10 such as for a bad debt not debited to Bad Debts Account
- (d) A composition of two or more errors

EXERCISE XXV—No 15

(a) Write off an appropriate amount for the year and treat the remainder as an asset

(b) Treat as a reserve in the Balance Sheet on the liabilities side

(c) If thought fit note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet

(d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet debiting and crediting the Profit and Loss Account along with the actual discounts subject of course to taking into account any reserves existing at the beginning of the year

(e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account as it is possible the premises have been over depreciated in the past and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred

(f) The same method of placing to reserve as in (e) might be adopted

(g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

Dr. TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN, JONES, AND SMITH
FOR THE YEAR ENDED 31ST MARCH 1937

Cr.

	Brighton	London	Total		Brighton	London	Total
To Stock 1st April 1936				By Sales			
" Purchases	16 783	7 390	24 173	Stock 31 March 1937	19 328	92 064	111 392
" Gross Profit carried to Section II	4 903	18 440	23 343		2 462	9 041	11 503
	£21 690	£101 105	£122 795		£21 690	£101 105	£122 795
To General Salaries and Wages	18 50	6 195	24 695	By Gross Profit brought from Section I	4 903	18 440	23 343
" Manager's Salary	400	480	880	Discounts	38	204	242
" Rent	400	2 200	2 600				
" Trade and Office Expenses	917	3 684	4 601				
" Insurance	42	160	202				
" Travelling Expenses	49	145	194				
" Bad Debts	92	391	483				
" Depreciation of Motor Vans	350	1 250	1 600				
" Depreciation of Furniture and Equipment	83	379	462				
" Interest Charge in respect of Capital employed	854		854				
" Manager's Commission	127		127				
" Net Trading Profit carried to Section III	127	4 209	4 336				
	£1 949	£18 644	£20 593		£4 843	£18 644	£23 587
To Interest on Capital—				By Net Trading Profit from Section I—			
Brown		760	760	London Branch		4 209	4 209
Jones		460	460	Brighton Branch		127	354
Smith		110	110				
Net Profit—			1,330	Interest on Capital employed at Brighton Branch			4 206
Brown		1 938	1 938				
Jones		1 292	1 292				
Smith		170	170				
			3 400				
			£4 730				£4 750

NOTE ON INCOME TAX EXERCISES

The workings are based on the following reliefs and allowances, so that adjustments will be necessary to arrive at the correct figures based on the latest Finance Act, though the methods of working shown indicate the correct procedure—

Earned income relief	. . . . .	one tenth (Max £150)
Personal Allowance—		
married man	. . . . .	£140
single person	. . . . .	£80
Children's allowance	. . . . .	each £50
Housekeeper allowance	. . . . .	£50

EXERCISE XXVI—No. 1.

Examples of Income Tax Returns showing allowances, reliefs, etc., as required in the question are on pages 1150-1-2 of *Advanced Accounts*

EXERCISE XXVI—No. 2.

RETURN FOR INCOME TAX

	£	s	d
Earned Income	800	-	-
<i>Deductions—</i>			
Earned Income Relief (1/10)	£80		
Personal Allowance for Wife and Self	140		
Children's Allowance (3)	150		
	370	-	-
Taxable Income	£430	-	-

EXERCISE XXVI—No. 3

RETURN FOR INCOME TAX

	£	s	d
Earned Income	440		
<i>Deductions—</i>			
Earned Income Relief (1/10)	£44		
Personal Allowance	80		
Children's Allowance (3)	150		
Housekeeper's Allowance	50		
	324	-	-
Taxable Income	£116	-	-

EXERCISE XXVI—No. 4

The method described in the question is not considered to be correct as the result is that tax for the period from 5th April 1934, to 5th April, 1935, is

EXERCISE XXVI—No 4 (cont'd)

charged against accounts for the period from 30th September 1934 to 30th September 1935

An alternative method that would be more correct is indicated in the following account—

Dr		INCOME TAX ACCOUNT		Cr
1935 Jan 6	To Bank 1934-35 tax paid	£ 600	1934 Oct 1	By Reserve for proportion of tax due for 1934 3s for period from 5th April 1934 to 30th Sept 1934
Sept 30	Reserve for proportion of tax due for 1935 3s for period from 5th April 1935 to 30th Sept 1935	200	1935 Sept 30	Profit and Loss A/c
		£600		
			1935 Oct 1	By Reserve b/d

EXERCISE XXVI—No 5

Item	If Allowed	Reasons
Income tax	No	It is not an expense of running the business but an amount payable out of profits when ascertained
Loss on sale of motor car	Yes in some circumstances	If the car is replaced by another the amount of the actual loss less wear and tear already given is allowed if the replacement cost is not less than such sum as it is a working loss on plant. If the car is not replaced the loss is not allowed as it is a capital loss
Debenture interest	No	Tax must be paid and deducted on payment of the interest the company thus not bearing the tax but the debenture holders to whom the interest is income
Depreciation of plant	No	This is a capital loss but in the case of plant a wear and tear claim can be made
Directors fees	Yes	These are an expense of running the business and represent moneys paid for services rendered
Donation to the building fund of a hospital	No	This is not a cost of working the business but merely a charitable donation
Premium on loss of profits policy	No	This is not regarded as necessary for working a business but is paid for an indemnity against loss of profits. If however an undertaking is given to bring in for assessment any sums received under such a policy premiums will be allowed
Defalcations by cashier	Yes	Such a loss is a normal trading risk and therefore a normal trading loss

EXERCISE XXVI—No. 6.

Items disallowed are—

Interest on debentures, because it is an item on which tax is recovered by deduction on payment, and is kept in charge on the company on the principle of taxing profits at their source,

Depreciation of plant, because it is a capital loss (Wear and tear allowance may, however, be claimed),

Goodwill written off, because it is a capital loss,

Bad Debts Reserve, unless specific, because it is an estimate of a loss on an arbitrary basis

Subscriptions and donations may or may not be allowed, according to circumstances. The question to determine is whether the items are expenses wholly and exclusively laid out or expended for the purposes of trade with certain possible exceptions such as hospital subscriptions

EXERCISE XXVI—No. 7

RETURN FOR INCOME TAX

	£	£
Earned Income	500	
Investment Income	113	
		613
<i>Deductions—</i>		
Earned Income Relief ($\frac{1}{5}$)	50	
Personal and Wife's Allowance	140	
Children's Allowance (2)	100	
		290
Taxable Income		£323

$$\text{Appropriate Rate} = \frac{\text{Total Tax}}{323}$$

EXERCISE XXVI—No. 8

RETURN FOR INCOME TAX

	£	£
Earned Income		4,108
<i>Deductions—</i>		
Earned Income Relief (Max.)	150	
Allowance for Wife and Self	140	
Child's Allowance	50	
		340
Taxable Income		£3,768

$$\text{Appropriate Rate} = \frac{\text{Tax}}{3,768}$$

EXERCISE XXVI—No. 9.

This subject is fully dealt with on pages 1159–1162 of *Advanced Accounts* (under "Wear and Tear Allowance")

EXERCISE XXVI—No 10

Details of items not allowed as charges against profit when making an adjustment of the Profit and Loss Account for Income Tax purposes are enumerated on pages 1147 and 1148 of *Advanced Accounts* (under Rules for Calculating Profits.)

NOTE The question of items allowed (or not allowed) is now a subject much within the discretion of the Inspector examining accounts submitted.

EXERCISE XXVI—No 11

STATEMENT SHOWING ALLOCATION OF ASSESSABLE PROFIT
BETWEEN PARTNERS

	TOTAL	B	J	K
Interest on Capital	£600	£250	£200	£150
Partnership Salaries	1 200	500	400	300
Share of Assessable Profit divisible equally between partners	£1 800 7 200	£750 2 400	£600 2 400	£450 2 400
	£9 000	£3 150	£3 000	£2 850

FIRM'S ASSESSMENT

Assessable Profit	£	9 000
Deductions—		
Earned Income Relief (Maximum to each Partner)	450	
Personal Allowance (£80 to each Partner)	240	690
Taxable Income		£8 310

PARTNERS' LIABILITY

	Total	B	J	K
Share of Assessable Profit	£ 9 000	£ 3 150	£ 3 000	£ 2 850
Each Partner—				
Earned Income Relief	£150 690	230	230	230
Personal Allowance	£80			
Taxable Income	£8 310	£2 920	£2 770	£2 620

EXERCISE XXVI—No. 12.

(i) The reserve for income tax should be made by apportioning on a time basis the tax payable on the two assessments falling within the company's financial year.

Taking the company's year ended 31st December, 1936, the assessments falling within that year are 1935-6 from 1st January, 1936, to 5th April, 1936, and 1936-7 from 5th April, 1936, to 31st December, 1936.

In determining the liability, the ground-rent and debenture interest would fall to be added back to the profits stated, but the net Schedule A assessment on the property on which the ground-rent is paid should be deducted therefrom. Assessments would arise under both Schedule D and Schedule A, both of which should be apportioned on the basis stated above. As the tax for 1936-7 is not payable until 1st January, 1937 the apportioned tax owing should be reserved for on 31st December, 1936. The tax recoverable by deduction on the ground rent, debenture interest, and dividends does not affect the reserve, but merely the amount of tax to be charged against profits.

(ii) The deduction of expenses wholly, exclusively, and necessarily incurred in the performance of duties, the emoluments for which are assessed under Schedule E, may be deducted from the emoluments to be assessed, but, in practice, the taxpayer is usually required to establish the right to such deductions at considerably greater trouble than is called for under Schedule D.

EXERCISE XXVI—No. 13

Robert Laws may appeal on (a) and (d). The question of depreciation is now more closely examined by an Inspector of Taxes as circumstances which determine the allowance in regard to it are not the same in all cases, and an appeal would receive consideration.

If the subscription to a local hospital was in the nature of a donation to the institution for purposes of securing treatment to his own employees, the contribution would be allowed.

EXERCISE XXVI—No. 14

The items enumerated are dealt with as under—

- (a) 5 per cent on Sundry Debtors is disallowed and would be added back.
- (b) Deposit Interest would remain as a credit item in the Account.
- (c) Premiums received on an issue of shares would not appear in the account, being an item of a strictly 'capital' nature.
- (d) Losses by embezzlement would be disallowed and added back, presuming, of course, an item for "premium" on a third party risk policy was already in the account. Otherwise, the item would be the subject of careful consideration by the Inspector of Taxes before being allowed as a charge against profits.

EXERCISE XXVI—No. 15

Items (a) and (d) are items of a 'capital' nature and do not affect the Profit and Loss Account.

Preliminary Expenses are not viewed as a business expense, and would be added back.

Depreciation of Steamers is allowed by the Income Tax authorities at 4 per cent on 'Prime Cost'. Therefore, if 5 per cent is charged on "Prime Cost" the difference in charge between the percentages must be added back.

EXERCISE XXVI—No 16

RETURN FOR INCOME TAX

	£	s	d	£	s	d
Net Profit as Profit and Loss A/c				977	-	-
Add Deductions not Allowed—						
Interest on Loan	25	-	-			
Interest on Partners Capital	80	-	-			
Partner's Salary	350	-	-			
Amount without Goodwill	50	-	-			
Charitable Subscriptions	28	-	-			
				533	-	-
				£1 510	-	-

The firm will be assessed on £1 510 subject to the usual abatements and reliefs to Partners. Wear and Tear (if any) would be deducted from above figure.

EXERCISE XXVI—No 17

RETURN FOR INCOME TAX

Earned Income	£ 550	£
Unearned Income (War Loan Interest)	100	
		850
<i>Deductions—</i>		
Earned Income Relief (10%)	75	
Wife and Self Allowance	140	
Children's Allowance (2)	100	
Dependent Relative Allowance	25	
		340
Taxable Income		£ 510

The taxpayer is entitled to an abatement from the tax chargeable for his payment of £20 Insurance premium.

EXERCISE XXVI—No 18

RETURN FOR INCOME TAX

Total Income from all Sources	£	£ 8 808
<i>Deductions—</i>		
Earned Income Relief (Maximum to A and B)	300	
Personal Allowance B	80	
Wife and Self Allowance A	140	
		520
Taxable Income		£ 8 288

There will be an allowance for A on the insurance premiums for A and his wife.

EXERCISE XXVI—No. 19

RETURN FOR INCOME TAX

Net Profit as Profit and Loss Account	£	£ 780
Add Deductions not Allowed—		
Income Tax on Business Premises	55	
Life Assurance Premium	15	
Interest on Capital	40	
Ground Rent	75	185
		965
Less Dividends (taxed)	60	
„ Rent of Premises	220	280
		£685
Taxable Profit		

COMMENTS

The above Return is based on the conclusions that—

(1) Travelling Expenses of Staff and Proprietor were incurred in the prosecution of matters concerned with the business and

(2) Bank Interest was on a temporary overdraft, or other bank accommodation and not being annual interest

(3) The Rent of Premises being net assessment as for Schedule A, and calculated on Income Tax at 5s, i.e. $£55 \times 4 = £220$

EXERCISE XXVI—No. 20

The wages calculations should be made by a wages clerk and recorded in the Wages Book. A cheque should be drawn for the total wages payable and, when cashed, the wages packets made up. On paying wages, a responsible person should make the distribution, the foreman of each department being present when the men in his shop are being paid. The payments should be attested by the person distributing and the respective foremen. The duties of wages clerk should, at various times, be performed by different persons in order to eliminate as far as possible collusion between the wages clerk and employees. The time sheets of employees should be vouched by shop foremen before wages calculations are made. An occasional check on the wages calculations may be made at unspecified times with a view to preventing fraud.

EXERCISE XXVI—No. 21

P PENSLEY'S LEDGER

Dr		R RUBBLE		Cr	
19 Mar 1	To Bills Payable	£ 250	s - d -	19 Mar 1	By Bills Receivable
				£ 250	s - d -

Dr		BILLS RECEIVABLE ACCOUNT		Cr	
19 Mar 1	To R. Rubble	£ 250	s - d -	19 Mar 1	By Cash
				£ 250	s - d -

EXERCISE XXVI—No 21 (contd)

Dr		BILLS PAYABLE ACCOUNT						Cr					
19 June 4	To Cash	£	2	s	0	d	19 Mar 1	By R Rubble	£	2	s	0	d

Dr		BANKER'S DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Cash	£	s	d					
		2	16	3					

Dr		CASH ACCOUNT (Bank Column)										Cr		
19 Mar 1	To Bills Receivable	£	2	s	0	d	19 Mar 1	By Bankers Discount	£	2	s	16	d	3
							June 4	Bills Payable		2	s	0	d	

R RUBBLE'S LEDGER

Dr		P. PENSLEY						Cr							
19 Mar 1	To Bills Payable	£	2	s	0	d	—	19 Mar 1	By Bills Receivable	£	2	s	0	d	—

Dr		BILLS RECEIVABLE ACCOUNT						Cr					
19 Mar 1	To P Pensley	£	2	s	0	d	19 Mar 1	By Cash	£	2	s	0	d

Dr		BILLS PAYABLE ACCOUNT										Cr	
19 June 4	To Cash	£	2	s	0	d	19 Mar 1	By P Pensley	£	2	s	0	d

Dr		BANKER'S DISCOUNT ACCOUNT										Cr	
19 Mar 1	To Cash	£	2	s	16	d	3						

Dr		CASH ACCOUNT (Bank Column)										Cr		
19		£	s	d	19					£	s	d		
Mar 1	To Bills Receivable	2	50		Mar 1	By Bankers Discount	2	16	3					
					June 4	Bills Payable	2	50						

EXERCISE XXVI—No. 22

SPECIMEN OF COMBINED SALES AND BOUGHT JOURNAL

Date	Particulars	Fol.	Dr.	Cr.	Bought Book	Sales Book
19			£ s d	£ s d	£ s d	£ s d

SPECIMEN OF CASH BOOK

(CREDIT SIDE)

Date	Particulars	Fol.	Discount	Cash	Bank	Creditors Ledger	General Ledger
19			£ s d	£ s d	£ s d	£ s d	£ s d

(DEBIT SIDE)

Date	Particulars	Fol.	Discount	Details	Bank	Sales Ledger	General Ledger
19.			£ s d	£ s d	£ s d	£ s d	£ s d

EXERCISE XXVI—No. 23

The books of account deemed necessary, and the allocation of duties in connection with them, would be as follows—

*Books**Member of Staff*

Cash Book
General Ledger
Private Ledger

} Chief Clerk or firm's Accountant

Purchases Book
Sales Book
Purchases and Sales Ledgers

} Senior Clerk

Wages Book
Petty Cash Book

} Junior Clerk

The Junior Clerk subject to supervision by Senior Clerk.

The Senior Clerk subject to supervision by Chief Clerk who would advise generally on detail work of office.

EXERCISE XXVI—No 24

(a) *Floting Assets* are assets held for purposes of trading such as Stocks Debtors Bills etc

(b) *Fixed Assets* are assets acquired for purposes of earning income such as Plant and Machinery Horses and Vans etc

(c) *Preliminary Expenses* are expenses incurred on the flotation of a company such as Legal Expenses Stationery Advertising etc

(d) *Self balancing Ledgers* are ledgers which are made capable of producing a Trial Balance independently The Trial Balance is possible by the introduction of an Adjustment Account which in its nature is a TOTAL account showing the aggregate of transactions only on opposite sides to the accounts in the Ledger being proved

(e) *Watering of Stock* means that the NOMINAL value of the Capital of a company has been increased without the corresponding increase in receipts from shareholders

(f) *Allonge* is a slip of paper attached to Bills of Exchange for further endorsements

EXERCISE XXVI—No 25

A *Cumulative Preference Share* is one which carries with it a prior consideration for a dividend—or share of the profit also a right to arrears on dividends out of future profits

The arrears on dividends referred to do not affect the annual accounts of a company but a memorandum to that effect may be shown in the Balance Sheet

EXERCISE XXVI—No 26

See *Advanced Accounts* page 830 for Specimen of Cost Sheet of a manufacturer

EXERCISE XXVI—No 27

See *Advanced Accounts* page 981 (under Difference between a Statement of Affairs and a Balance Sheet)

EXERCISE XXVI—No 28

The adjustments necessary to show the correct position of the Birchets Mineral Water Co Ltd with their customers would be as follows—

19					
	(1) Sale or Return Account To Sundry Debtors To reduce the charge for supplies of minerals to actual amount supplied				
	(2) Provision for Discount on Debtors To Discount Reserve on Debtors Charge against profits of sum equal to agreed 10% discount due to cus- tomers when accounting for sales				

The above entries properly incorporated in accounts will present the true

EXERCISE XXVI—No 29.

See *Advanced Accounts*, page 151 (under appropriate headings).

EXERCISE XXVI—No 30.

The financial position of a concern is gauged according to the position in which an individual stands toward the concern whose balance sheet is the subject of examination

(a) A *banker* considers the financial position of a concern sound when its floating (or circulating) assets are adequate to meet its current liabilities or, to put it another way, the ability of a concern to meet its liabilities on a forced realization

(b) A *shareholder* considers a concern financially sound whilst it can maintain its capacity to earn profits, and betrays no apparent embarrassment as regards the relation between its liabilities and the adequacy of assets to meet them

(c) A *debenture holder* considers a concern financially sound according to the liquidity of its available assets

(d) An *auditor* takes a more exact view of matters in determining the financial position of a concern. An auditor will closely examine the individual items, both assets and liabilities, their evaluation being arrived at after searching investigation of relevant documents. A sound financial position, after a close study of all important matters has been carried out, is presumed on the following factors—

(1) Fixed assets are maintained at their full earning valuations

(2) Floating or circulating assets are adequate to meet floating liabilities

(3) Reserves have been created which are sufficient for contingent and future liabilities without impairing the general financial soundness of the concern

EXERCISE XXVI—No 31

CONVERTED CHICAGO TRIAL BALANCE

	Rate of Ex change						
		£	s	d	£	s	d
Head Office Account . . .					6,502	14	6
Remittances Account . . .		2,786	6	11			
Stock, 1st Jan . . .	4 86	1 046	5	11			
Fixtures and Fittings . . .	4 86	562	19	3			
Purchases . . .	4 92	3 627	4	8			
Sales . . .	4 92				7,277	12	10
Sundry Debtors . . .	5 00	3 542	-	-			
Sundry Creditors . . .	5 00				412	8	-
General Expenses . . .	4 92	1 544	18	4			
Discount . . .	4 92				84	19	2
Cash . . .	5 00	92	-	-			
Bank . . .	5 00	1,090	-	-			
Profit on Exchange . . .					14	-	7
		£ 14,291	15	1	14,291	15	1

EXERCISE XXVI—No 31 (contd)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 31	Remittances from Branches To Branch Account	2 786	6	11	2 786	6	11
" 31	Branch Trading Account To Branch Account Stock 1st Jan £1 046 5 11 Purchases 3 627 4 8	4 673	10	7	4 673	10	7
" 31	Branch Account To Branch Trading Account Sales £7 277 12 10 Stock 31st Dec 1 005	8 282	12	10	8 282	12	10
" 31	Branch Trading Account Branch Account To Branch Profit and Loss A/c For gross profit and discount received	3 609	2	3	3 694	1	5
" 31	Branch Profit and Loss Account To Branch Account General expenses	1 544	18	4	1 544	18	4
" 31	Branch Account To Branch Profit and Loss A/c Difference in exchange	14	7		14	7	
" 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c 1 or NFT profit transferred	2 163	3	8	2 163	3	8
		£ 23 158	14	4	£ 23 158	14	4

HEAD OFFICE LEDGER

Dr		REMITTANCES FROM BRANCH ACCOUNT				Cr	
19 Dec 31	To Branch A/c	£ 2 786	6	11	19 Jan Dec	By Cash	£ 2 786 6 11
19 Jan 1	To Branch	£ 6 502	14	6	19 Dec 31	By Remittances from	£ 2 786 6 11
Dec 31	Branch Trading	8 282	1	10	31	Branch A/c	4 673 10 7
" 31	Branch Profit and Loss A/c	84	19	2	31	Branch Trading A/c	1 544 18 4
" 31	Branch Profit and Loss A/c	14	7		31	Branch Profit and Loss A/c	5 879 11 4
		£ 14 884	1			Balance c/d	£ 14 884 7 1

EXERCISE XXVI—No. 31 (contd.)

Dr.		BRANCH TRADING ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Dec 31	To Branch A/c—				Dec 31	By Branch A/c—			
	Stock	1 046	5	11		Sales	7 277	12	10
	Purchases	3 627	4	8		Stock, 31st Dec.	1 000	—	—
	Branch Profit and Loss A/c	3 609	2	3					
		£8 282	12	10			£8 282	12	10

Dr.		BRANCH PROFIT AND LOSS ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Dec 31	To Branch A/c—				Dec 31	By Branch Trading A/c	3 609	2	3
	General Expenses	1 544	18	4		Branch A/c—			
	Net Profit to Head Office	2 163	3	8		Discounts Received	84	10	2
						Difference in Exchange	14	—	7
		£3 708	2	—			£3 708	2	—

BALANCE SHEET AS AT 31ST DECEMBER, 19

LIABILITIES				ASSETS			
£	s	d		£	s	d	
412	8	—		82	—		
5,809	11	3		1,000	—		
						1 182	—
						3,542	—
						1 000	—
						561	19 7
						£6,291	19 3

CHICAGO BRANCH LEDGER

Dr.		REMITTANCES FROM HEAD OFFICE						Cr.	
19		\$		19		\$			
Jan.-Dec.	To Cash	14,000		Dec 31	By Transfer to Head Office	14 000			

Dr.		HEAD OFFICE ACCOUNT						Cr.	
19		\$		19		\$			
Dec. 31	To Transfer from Remittances Account	14 000		Dec 31	By Balance	32 602			
" 31	" Balance c/d	29,319			" Profit and Loss Account (Net gain)	10 717			
		\$43 319				\$43 319			

EXERCISE XXVI No 31 (contd)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 19

Dr			Cr
To Stock 1st Jan	\$ 5 082	By Sales	\$ 35 606
Purchases	17 846	Stock 31st Dec	5 023
Balance Gross Profit c/d	1 900		
	<u>\$40 831</u>		<u>\$40 831</u>
To General Expenses	7 601	By Trading Account b/d	17 600
Balance Net Profit to Head Office	10 717	Discounts Received	413
Profit and Loss Account			
	<u>\$ 8 318</u>		<u>\$18 318</u>

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		ASSETS		
Sundry Creditors	\$ 2 062	Cash	\$ 480	\$
Head Office Account	29 319	Bank	5 450	
		Sundry Debtors		\$ 910
		Stock		17 710
		Fatues		5 023
	<u>\$31 381</u>			<u>2 736</u>
				<u>\$31 381</u>

F SAUNDERS'S STATEMENT OF AFFAIRS AT DATE OF RECEIVING ORDER

Gross Liabilities	LIABILITIES	Expected to Rank	ASSETS	Estimated to Produce
£ s d.	£ s d.	£ s d.	£ s d.	£ s d.
3 700 - -	Unsecured Creditors A	- - -	Property II—	- - -
2 000 - -	Fully secured Creditors B	2 500 - -	Cash	40 - -
- - -	Value of Security	3 500 - -	Stock	800 - -
- - -	Surplus to contra	£1 000 - -	Machinery	740 - -
3 000 - -	Fully secured Creditors C	3 000 - -	Fixtures	100 - -
- - -	Value of Security	1 000 - -	Total as Last H	- - -
240 - -	Liability on Bills discounted D	2 000 - -	Surplus from Last H, as per contra.	- - -
120 - -	Creditors for Rent E	250 - -	Bank Balances I—	- - -
20 - -	Preferential Creditors G—	120 - -	Good	900 - -
80 - -	Rates and Taxes	- - -	Doubtful	- - -
- - -	Wages and Salaries	70 - -	Bad	- - -
- - -	Deducted in full as per contra	£190 - -		- - -
- - -		- - -	Total Assets	100 - -
- - -		- - -	Deduct Preferential Creditors as per contra	3 290 - -
- - -		- - -		190 - -
- - -		- - -	NET ASSETS	3 100 - -
£9 640 - -		£5 940 - -	DEFICIENCY K	2 850 - -
				£5 950 - -

The estate can pay $\pounds 3100 = 10s\ 5d$ in \pounds .

EXERCISE XXVI—No. 33 (cont'd.)

PHILLIPS & THOMAS, LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

434

APPROPRIATION ACCOUNT

To Interim Dividend Paid on Preference Shares " Balance to Balance Sheet	£	s	d	By Current Year's Profit	£	s	d
	240	11	8		1,434	11	3
	1 194	11	8		1,434	11	3
	0 434	11	3		£1,434	11	3

PHILLIPS & THOMAS LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	£ s d	£	£ s d
Nominal Capital—		Freehold Factory	
8 000 8% Cumulative Preference Shares of £1 each	8 000	<i>Less Depreciation</i>	5 742
14 000 Ordinary Shares of £1 each	14 000		400
		Dwelling house	
		<i>Extens ions to Factory</i>	440
		<i>Less Depreciation</i>	170
			270
Issued Capital—		Plant and Machinery	
8 000 6% Cumulative Preference Shares of £1 each	8 000	<i>Add Additions</i>	184
fully paid			240
14 000 Ordinary Shares of £1 each fully paid	14 000		404
		<i>Less Depreciation</i>	120
			284
Loan on Mortgage		Engines and Boilers	
Mortgage Interest accrued	22 000	<i>Less Depreciation</i>	460
Sundry Creditors	4 000		36
Accruals for Extens ions to Premises on going	2 481		150
Profit and Loss	200		80
<i>Balance available for distribution</i>	1 194		
	11 194		
		Horses, Carts and Harness	
		<i>Goodwill</i>	
		<i>Stock</i>	
		<i>Coal and Coke</i>	
		<i>Sundry Debtors</i>	
		<i>Less Bad Debts Reserve</i>	
		<i>Discount Reserve</i>	
			£345
			287
		Rent Receivable	
		<i>Cash at Bank (Deposit)</i>	
		<i>Cash at Bank (Current)</i>	
		<i>Cash in hand (including £475 4/7 from P.C.D.)</i>	
		<i>Rates repaid</i>	
			507
			944
			94
			15
			29 908
			16

Dr PUBLISHING TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

	£	s.	d.		£	s.	d.
To Stock, 1st Jan	500	-	-	By Sales	5,500	-	-
" Paper and Printing	4,250	-	-	" Subscribers.	40	-	-
" Engraving Blocks	150	-	-	" Advertisements	4 100	-	-
" Literary Contributions	400	-	-	" Stock, 31st Dec.	700	-	-
" Carriage	140	-	-				
" Postage and Telegrams	30	-	-				
" Advertising Expenses	150	-	-				
" Trade Expenses	110	-	-				
" Discounts	10	-	-				
" Bad Debts	20	-	-				
" Wages and Salaries	500	-	-				
" Designs for Publications	500	-	-				
" Balance, Net Profit of Dept.	3 280	-	-				
	£ 10 340	-	-		£ 10 340	-	-

Dr SUPPLY TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s.	d.		£	s.	d.
To Stock, 1st Jan.	4 000	-	-	By Sales	17,000	-	-
" Purchases	9,000	-	-	" Stock, 31st Dec.	4,500	-	-
" Carriage	1,200	-	-				
" Trade Expenses	150	-	-				
" Wages and Salaries	1,500	-	-				
" Discounts	30	-	-				
" Postages and Telegrams	90	-	-				
" Designs for Publications	500	-	-				
" Balance, Net Profit of Dept.	5,030	-	-				
	£ 21,500	-	-		£ 21,500	-	-

THE STANBRIDGE PUBLISHING CO. LTD

[illegible]

THE STAMBRIDGE PUBLISHING CO., LTD.

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>									Copyrights Account					18,000		
10,000 Ordinary Shares of £1 each		10,000		—					Furniture, Fixtures, and Fittings		940			—		
4,000 6% Preference Shares of £5 each		20,000		—					Less Depreciation		94			—		
									<i>Stock</i>					840		
<i>Issued Capital—</i>		£ 30,000		—					Publishing Department		700			—		
4,780 Ordinary Shares		1,780		—					Supply Department		4,500			—		
Less Calls in Arrear		10		—					Goodwill		3,220			5,200		
4,000 6% Pref Shares of £5 each						4,780			Sundry Debtors		500			4,000		
Reserve Account		3,000		—		20,000			Less Reserve for Bad Debts					2,720		
Add Transfer from Profit and Loss Account		2,000		—					Bills Receivable		1,760			190		
									Cash at Bank		80			—		
Bills Payable						5,000			Cash in hand					1,850		
Sundry Creditors						2,200			General Advertising Expenses		6,000			—		
Managing Director's Commission						1,250			Less Amount written off, &		2,000			—		
<i>Profit and Loss Account—</i>						64	(3)							4,000		
Balance available for distribution						3,511	7									
						£ 36,806								£ 36,806		

THE PERMIT MANUFACTURING CO., LTD.

47

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1940

(c)

[illegible]

EXERCISE XXVI—No 35 (cont'd.)

THE PERMIT MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 1940

CAPITAL AND RESERVES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital— 10 000 8% Preference Shares of £5 each 150 000 Ordinary Shares of £1 each	50 000 30 000						Leasehold Works Machinery and Plant Add Additions	32 785 8 446			77 841		
200 000							Less Reserves during year	41 221 5 641					
20 000 8% Preference Shares of £5 each fully paid 115 000 Ordinary Shares of £1 each (fully called) Less Call in Arrears				50 000			Less Depreciation on Furniture Office Furniture Less Depreciation	35 580 7 940			22 640 70 000		
200 000				14 900			Loose Tools Add Additions	684 84			900		
200 000				20 000			Less Depreciation on Furniture Office Furniture Less Depreciation	2 884 541					
200 000				15 000			Loose Tools Add Additions	3 405 454					
200 000				36 500			Less Depreciation on Goodwill Stock Uncompleted Contracts Work in Progress Sundry Debtors Less Paid Debts Reserve	12 400 623			11 837		
200 000				2 321			Cash at Bank Cash in hand	3 246 1 187			4 433 1 000 47 491		
200 000				6 640			Debiture D account Profit and Loss Account (balance to date)				247 174		
200 000													

KEY TO ADVANCED ACCOUNTS

TEST I—No. 1

When a bank overdraft has been collaterally secured by the issue of Debentures, the Debentures so issued should be entered "short" on the Liabilities side of the Balance Sheet, as below—

BALANCE SHEET
(CAPITAL AND LIABILITIES SIDE ONLY)

		£	s	d	£	s	d
<i>Authorized Debentures—</i>							
800 Bonds of £50 each							
<i>Issued Debentures—</i>							
600 Bonds of £50 each		40,000		—			
Bank Overdraft							
(Collaterally secured by Issue of £5,000 Debentures)					30,000		—
					4,000		—

TEST I—No. 2.

According to Article 13 of Table A, a company is empowered to charge Interest on Calls in Arrears at the rate of 5 per cent, and not at 10 per cent as charged by the company. It would seem reasonable to assume that Interest on Calls in Advance should be provided for, against defaulting shareholders being charged interest (See also *Advanced Accounts*, pages 620 and 621)

TEST I—No. 3.

The documents, or other information required before passing the Share Certificates as correct, are as detailed below—

- (1) Old Share Certificates covering the distinctive numbers included in the new certificates to be surrendered
- (2) The Share Transfer—transferring the shares to the person in whose favour the new certificate is prepared—duly signed by the transferor and transferee, should be inspected
- (3) Satisfactory evidence of the following facts must be forthcoming—
 - (a) That the transfer fee has been paid
 - (b) That the transfer has been properly stamped
 - (c) The new share certificate to be closely examined as to its accuracy in the details inserted
 - (d) The transfer lodged when the transferor acquired the shares
 - (e) Agreement of particulars relating to the shares as entered in the Share Register with particulars of shares given in the transfer

TEST I—No. 4.

See example of form of Bin Card on page 818 of *Advanced Accounts*

BLANKS LTD

Dr MANUFACTURING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1939 Cr

	£	s	d	£	s	d	£	s	d
To Stock 1st January 1938				131	7	40			
Purchases	67	8	54			321			
Less Returns Outward									
Factory Wages				21	8	72			
Factory Expenses—									
Machinery Repairs	3	3	15	68	9	27			
Interest and General Expenses				22	8	10			
Insurance									
Depreciation—				4	3	77			
Machinery and Plant	8	3	6						
Loose Tools	6	1	5						
Balance Gross Profit c/d				8	4	51			
				30	7	23			
				£153	160				
To Salaries and Expenses				6	3	91			
Interest and General Expenses						663			
Insurance						135			
Travellers Salaries and Expenses				5	4	48			
Bad Debts				1	1	27			
Directors Fees				3	2	00			
Discounts						475			
Depreciation of Motor Lorries				1	3	82			
Balance Net Profit c/d				15	10	4			
				£31	9	23			
				£153	160				
				30	7	23			
				90	7	23			
				400					
				800					
				£153	160				
				131	4	19			
				21	7	41			
				£131	419				

APPROPRIATION ACCOUNT

	£	s	d	£	s	d
To Interim Dividend paid on				2	2	50
Balance to Balance Sheet				12	8	54
				£15	10	4
By Current Year's Profit b/d				15	10	4
				£15	10	4

BLANKS, LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 1939

[illegible]

TEST II—No 1

JOURNAL OF McARTHURS LTD

19 Feb 1		Dr	£ s d			£ s d		
			£	s	d	£	s	d
	Appropriation A/c To Reserve A/c	Dr	5 000	-	-	5 000	-	-
	Preference Share Dividend A/c To Preference Shareholders	Dr	1 750	-	-	1 750	-	-
	Preference Shareholders To Income Tax (tax at say 4s) Bank	Dr	1 750	-	-	350	-	-
						1 400	-	-
	Appropriation A/c To Preference Share Dividend A/c	Dr	1 750	-	-	1 750	-	-
	Ordinary Share Dividend A/c To Ordinary Shareholders	Dr	10 000	-	-	10 000	-	-
	Ordinary Shareholders To Income Tax (tax at say 4s) Bank	Dr	10 000	-	-	2 000	-	-
						8 000	-	-
	Appropriation A/c To Ordinary Share Dividend A/c	Dr	10 000	-	-	10 000	-	-
			£ 40 250	-	-	40 250	-	-

Dr

APPROPRIATION ACCOUNT

Cr

19 Feb 1	To Reserve Preference Dividend Ordinary Dividend Balance c/d	£ s d			19 Feb 1 Dec 31	By Balance Profit for year	£ s d		
		£	s	d			£	s	d
		5 000	-	-			3 743	-	-
		1 750	-	-			19 748	-	-
		10 000	-	-				-	-
		6 743	-	-				-	-
	£ 23 493						£ 23 493	-	-
					Feb 1	By Balance b/d	6 743	-	-

Dr

BANK ACCOUNT

Cr

19 Feb 1		19 Feb 1	By Pref Shareholders Ord Shareholders	£ s d		
				£	s	d
				1 400	-	-
				8 000	-	-

TEST II—No. 1 (cont'd)

Dr		INCOME TAX ACCOUNT				Cr	
			19 Feb 1	By Pref Shareholders Ord Shareholders		6 350 2 000	5 — —

TEST II—No. 2.

The necessary entries for the issue of shares at a premium (applicable to any class of share) are set out on pages 603 and 604 of *Advanced Accounts*

TEST II—No. 3

It may be assumed that as the directors of the company are empowered according to the Articles of Association of the company, to allow interest on Calls in Advance there would be an obligation to make provision for such interest when preparing the accounts for the financial year. The necessary entries to bring interest on Calls in Advance into account are as under—

JOURNAL	
Interest Payable A/c To Shareholders	Dr

(See also *Advanced Accounts* pages 620 and 621)

TEST II—No. 4

This item of overhead relates to the attempt to ascertain the expense of running each machine in order to be able to charge the work done on the machines with the actual expense due to work being performed. When the actual cost has been ascertained for the total estimated running hours the overhead is usually applied as a percentage of such cost and charged against a job in the ratio the "total" time run by the machine bears to the actual time run on the specific job.

TEST III—No. 1.

STATEMENT OF PROFIT AND LOSS OF A AND B FOR THE YEAR ENDED 31ST DECEMBER, 1938

	£	s	d	£	s	d	£	s	d	£	s	d
Sundry Creditors	.	.	.									
Bills Payable	.	.	.									
Loan on Mortgage	.	.	.									
Less repaid during year	.	.	.									
Loan from Mrs. A	.	.	.									
Less repaid during year	.	.	.									
Balance being total Capital, carried down	.	.	.									
Capital 1st January 1938	A	.	.	2,980	500	-	2,980	500	-	2,980	500	-
Interest on Capital for year ended 31st December 1938	B	.	.	3,000	1,000	-	3,000	1,000	-	3,000	1,000	-
				600	600	-	600	600	-	600	600	-
				8,200	3,040	-	8,200	3,040	-	8,200	3,040	-
Balance, Net Profit—				447	152	10	447	152	10	447	152	10
A				9,423	136	4	9,423	136	4	9,423	136	4
B				1,971	16	6	1,971	16	6	1,971	16	6
				11,394	152	10	11,394	152	10	11,394	152	10
Capital withdrawn by A on 30th June, 1938				999	10	-	999	10	-	999	10	-
				915	10	-	915	10	-	915	10	-
				£18,735	-	-	£18,735	-	-	£18,735	-	-

TEST III- No 1 (contd)

BALANCE SHEET OF A AND B AS AT 31st DECEMBER 1938

LIABILITIES AND CAPITAL				ASSETS			
				</			

Dr

TOTAL DEBTORS' ACCOUNT

1937 Dec 31 1938 Dec 31	To Debtors in France at this date " Sales during the year " Profit on Exchange . . .	Fcs 172,320 00 998,310 00	£ 590 5,713 36	s - -	d - -	1938 Dec 31	By Amount received during the year " Debtors at this date at 175 exchange	Fcs 1,078,240 00 84,350 00	£ 6,257 482	s - -	d - -
1939 Jan 1	To Debtors in France at this date	1,160,630 00	(6,719	-	-			1,160,630 00	(6,759	-	-
		84,350 00	482	-	-					-	-

The first debit represents the total of the Debtors' list in Fcs and sterling at 31st December 1937. The second debit is the total sales for the year in Fcs and sterling. The third debit is the difference between the sterling values of the commencing debtors and sales, and the amount realized for them plus the sterling value of the closing debtors at the rate of exchange prevailing at the balancing date. The first credit is the actual amount remitted in Fcs and the sterling amount realized for them. The second credit is the total of the Debtors' list in Fcs and sterling at 31st December, 1938.

SINKING FUND ACCOUNT

Dr

Dr

				£	s	d
				1 600	-	-
				56	-	-
				1 600	-	-
				3 256	-	-
				113	19	2
				1 600	-	-
				4 969	19	2

INVESTMENT ACCOUNT

Cr

Dr

				£	s	d
				1 600	-	-
				1 656	-	-
				1 713	19	2
				4 969	19	2

BALANCE SHEET AS AT 31ST DECEMBER 1938

				£	s	d
				20 600	-	-
				4 969	19	2

LIABILITIES

Debentures
Sinking Fund Account

Sinking Fund Investments

ASSETS

When repayment of the debentures takes place the investment will be realized bank being debited and the investment credited. Any balance that may remain on the latter account will be transferred to the Sinking Fund Account. The Debenture Discount Account will be transferred to the Sinking Fund Account the balance of which will be transferred to a Reserve Account. The Debentures will be discharged the Debentures Account being debited and bank credited.

TEST III—No. 4

Dr

MACHINERY ACCOUNT

Cr

	£	s	d		£	s	d
To Bank—				By Sale of Scrap	75		
Cost of Machine	2,000			Amount written off to			
Cost of Erection	100			Depreciation Fund	1,975		
Cost of New Machine	2,300			Balance, carried down	2,350		
	(4,400)				(4,400)		
To Balance, brought down	2,350						

Dr.

DEPRECIATION FUND

Cr.

	£	s	d		£	s	d
To Cost of Scrapping Machine	20			By Amount of Fund as stated	1,650		
" Loss on Realization of Investment	90			" Profit and Loss Account	435		
" Amount written off Machinery	1,975						
	(2,085)				(2,085)		

Dr

INVESTMENT ACCOUNT

Cr

	£	s	d		£	s	d
To Balance	1,650			By Bank	1,660		
				" Loss on Realization	80		
	(1,650)				(1,650)		

Dr

BANK ACCOUNT

Cr.

	£	s	d		£	s	d
To Sale of Scrap	75			By Machine	2,000		
" Investments	1,500			Cost of Erection	100		
				Cost of Scrapping Machine	20		
				Cost of New Machine	2,300		

TEST III—No. 5

(a) Liabilities of customers for acceptances endorsements, and other engagements denote bills which the bank has accepted or endorsed on behalf of its customers. This is usually done in the case of foreign bills as it greatly facilitates their negotiation abroad. The customer is, of course, liable to the bank, while the bank is liable to the parties abroad. These items therefore appear on both sides of the balance sheet.

(b) Money at call or short notice denotes loans to bill brokers, stock brokers and others on securities called "Floaters" (i.e. exchequer bonds, consol certificates, and other first-class securities). Advances are also made on Dock Warrants, Consignments, Produce Documents, etc.

(c) Current Deposit and other Accounts, including provision for Contingencies, denotes the liability of the bank to its customers, repayable on demand or after a short period of notice. Provision may also be included in the item for staff pension fund, secret reserves, and any balances which it is not thought needful to describe with more particular detail.

TEST III—No. 6

(a) An appropriation of profit is the allocation of profit earned to some particular purpose such as the payment of a dividend the setting aside to reserve of some specified sum or an arbitrary amount written off goodwill

(b) A charge against profit is an item of expense that has been incurred in earning profit

(i) Directors' fees are a charge against profits as the fees represent remuneration paid to directors for services rendered in conducting the business of the company

(ii) Debenture interest may be regarded as either a charge against profits or an appropriation of profit. It may be said that the interest is an essential cost of working the business and from that point of view is a charge against profits. On the other hand it can be argued that if the company had issued shares to an extent to provide the funds necessary to run the business borrowing would not have had to be resorted to and debenture interest would not have arisen and that consequently the interest is remuneration to money invested in the business on debentures just as a dividend is remuneration to money invested in the business in shares. It is also thought that the Profit and Loss Account should show profit arising from pure trading and not have charged against it in arriving at trading profits an item like debenture interest which would not have arisen if the company had issued sufficient share capital and avoided borrowing

(iii) Bad Debts Reserve is a charge against profits because it represents a provision for probable losses arising in trading

(iv) A General Reserve is an appropriation of profit because it is merely the setting aside of profit earned and is not a cost of earning profit

(v) Dividends paid is an appropriation of profit, being merely a distribution of profit and not a cost of earning it

TEST III—No. 7.

Dr.

3½ PER CENT WAR STOCK INTEREST PAYABLE 1st JUNE AND 1st DECEMBER

Cr.

		Nominal		Interest		Capital		Nominal		Interest		Capital	
		£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
1937 Mar 31	To Bank £4 000 Stock at 106 • Brokerage	4 000	—	—	—	—	—	1,000	—	—	—	1,033	8 4
Sept 30	Transfer to Interest A/c	—	—	48 13 4	55 8 4	—	—	—	—	52 10	—	—	—
1937 Oct 1	To Balance b/d	£4,000	—	£102	1 8	£4,208	6 8	3,000	—	35	—	3,172	18 4
		3 000	—	55	—	—	—	£4 000	—	£102	1 8	£4,208	8 8

By Bank, £1,000 Stock at
net, £1,050
• Bank Half year's In
terest on £3,000 Stock
• Interest accrued for four
months, c/d
Balance, c/d

TEST III—No 8

See *Advanced Accounts* page 612 The *pro forma* Journal entries relating to forfeiture are—

Share Capital Account

To Forfeited Shares Account

Cancellation of called up capital on shares forfeited

Forfeited Shares Account

To Share Call Account

Amount of unpaid calls written off

TEST IV—No 1

(a) Gross Profit £4 518

(b) Expenses £2 158 (excluding Depreciation £418)

(c) Net Profit £1 942

(d) *Capital Accounts*—

	A			B		
	£	s	d	£	s	d
Balance 1st Jan 1938	8 233	-	-	5 996	-	-
Add Share of Net Profit	971	-	-	971	-	-
	<hr/>			<hr/>		
	9 204	-	-	6 967	-	-
Less Drawings	900	-	-	750	-	-
	<hr/>			<hr/>		
Balance 31st Dec 1938	£8 304			£6 217	-	-

	PROOF								
	£	s	d	£	s	d	£	s	d
Assets (as question)							15 625		
Capital A	8 304	-							
B	6 217								
	<hr/>			14 521	-				
Creditors				1 104					
				<hr/>			£15 625		

TEST IV—No. 2.

GENERAL LEDGER
SALES LEDGER ADJUSTMENT ACCOUNTS

Dr		(Town)		(Country)			(Town)		(Country)	
		£	s	d	£	s	£	s	£	s
To Balance	b/l	3	175	9	1	0	22	3	6	6
" Sales		1	933	9	1	0	1,508	16	2	3
" Balance	cl/b	19	2	6	1,404	16	32	3	7	0
" Difference as Country Sales Ledger		4			5	0	48	3	6	2
							150	—	6	18
							3,370	10	11	9
							£5,131	19	6	7
									£3,356	7
										—

An inference that may fairly be drawn from above accounts is that the amount £4 6s 8d is an item of transfer for £2 3s 3d posted in reverse, i.e. Town Debtors being credited in error for Country Debtors.

TEST IV—No. 3.

See *Advanced Accounts*, pages 124 onwards.

TEST IV—No. 4

See *Advanced Accounts*, pages 545 onwards.

TEST IV—No 5 (contd)

The following converted Trial Balance is for guidance of students but not called for as part of answer to question

TRIAL BALANCE (PARIS)

	Francs	Francs	£	s	d	£	s	d
Stocks 31st March 1938	1 164 870		6 471	10				
Purchases	3 489 632		19 447	8				
Wages and Salaries	1 146 823		6 371	5				
Manufacturing Expenses	188 820		1 049					
Creditors		1 110 006				6 166	14	
Head Office Account		181 638				1 009	2	
Remittance from H O		4 775 186				26 400		
Cash at Bank and in Hand	64 683		309	1		117	14	
Exchange Account (profit)								
	6 064 830	6 064 830	£33 693	10		£33 693	10	
Stock, 31st March 1939—								
1 301 497 Francs — £7 230 3s								

Branch loss is arrived at as follows—

	£	s	d	£	s	d
Total of Debit Items				33 693	10	
Less value of—						
Stock at close	7 230	3				
Cash	359	7				
Branch profit	117	14				
				7,707	4	
Branch Loss				£25 986	6	

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